

EXHIBIT 2

FILED UNDER SEAL

From: John Sadlow [jsadlow@varsity.com]
Sent: 5/23/2018 9:31:27 AM
To: Bill Seely [BSeely@varsity.com]; John Nichols [jnichols@varsity.com]; Pash Nangia [pnangia@varsity.com]; John Newby [johnnewby@varsity.com]; Nicole Lauchaire [NLauchaire@varsity.com]; Brian Carroll [bcarroll@varsity.com]
Subject: RE: Project IMPACT | VS Divisional Presentation
Attachments: Project IMPACT - VS Presentation (5.22.18) 2030.pdf

Team -- they are likely going to ask for the mostly final version of the DP deck by EOD tomorrow or Friday.

Can you guys review the attached deck closely and let me know any changes? I will also look to find a time tomorrow morning for an hour to discuss edits.

Thanks,

John Sadlow
VP Strategy
VARSITY SPIRIT
Office: 901.387.4431 | Mobile: 901.355.1211
jsadlow@varsity.com | varsitybrands.com

From: Matthew Boylan [mailto:mboylan@jefferies.com]
Sent: Tuesday, May 22, 2018 8:15 PM
To: Bill Seely <BSeely@varsity.com>; John Sadlow <jsadlow@varsity.com>; John Nichols <jnichols@varsity.com>; Pash Nangia <pnangia@varsity.com>; Nicole Lauchaire <NLauchaire@varsity.com>; Brian Carroll <bcarroll@varsity.com>; JN Herff Jones <jmnewby@herffjones.com>
Cc: Katz, David <dkatz@charlesbank.com>; Ge, Jesse <jge@charlesbank.com>; Jariwala, Saumil <sjariwala@charlesbank.com>; Project.Impact.Jr <Project.Impact.Jr@jefferies.com>
Subject: Project IMPACT | VS Divisional Presentation

EXTERNAL EMAIL

John and VS team,

Please find attached the latest draft of the Spirit divisional presentation, along with a request list of outstanding information.

We'd like to align on what will be possible to send our way this week so your team isn't working to pull data over the holiday weekend. Do you have 30 minutes tomorrow that we can use to discuss the outstanding points?

Best,

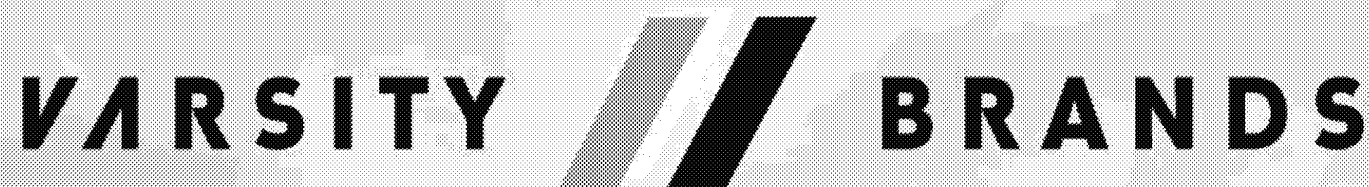
Matt

Matthew J. Boylan
Mergers & Acquisitions
Jefferies LLC
520 Madison Avenue
New York, NY 10022
tel +1 212.336.7047
fax +1 646.224.9769
mobile +1 908.894.3367
mboylan@jefferies.com

Nangia Exhibit 1
Witness: Pash Nangia
Date: 03-10-2022
M. Kirkpatrick, RDR-CRR-CRC, FCRR, CRGR
LexitasLegal.com

Jefferies archives and monitors outgoing and incoming e-mail. The contents of this email, including any attachments, are confidential to the ordinary user of the email address to which it was addressed. If you are not the addressee of this email you may not copy, forward, disclose or otherwise use it or any part of it in any form whatsoever. This email may be produced at the request of regulators or in connection with civil litigation. Jefferies accepts no liability for any errors or omissions arising as a result of transmission. Use by other than intended recipients is prohibited. In the United Kingdom, Jefferies operates as Jefferies International Limited, registered in England: no. 1978621; registered office: Vintners Place, 68 Upper Thames Street, London EC4V 3BJ. Jefferies International Limited is authorized and regulated by the Financial Conduct Authority.

CONFIDENTIALITY NOTICE: This e-mail and any attachments are for the exclusive and confidential use of intended recipient. If you are not the intended recipient, please do not read, distribute or take action in reliance to this message. If you have received this in error, please notify us immediately by return e-mail and promptly delete this message and its attachments from your computer system.



elevating student experiences

Varsity Spirit Divisional Presentation

May 2018

Today's Presenters

VARSITY  BRANDS**Bill Seely***Varsity Spirit President***Pash Nangia***Varsity Spirit CFO***John Nichols***Varsity Spirit EVP &
Senior Advisor***John Sadlow***VP Strategy***Nicole Lauchaire***SVP Marketing***Brian Carroll***EVP Apparel***John Newby***EVP Sponsorship, IMPACT*



Varsity Spirit Overview



SPIRIT

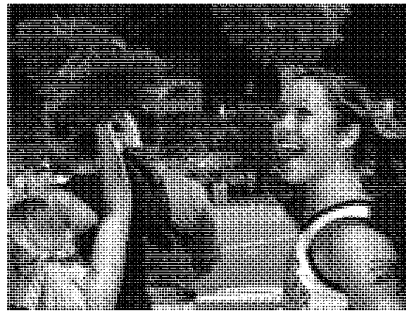
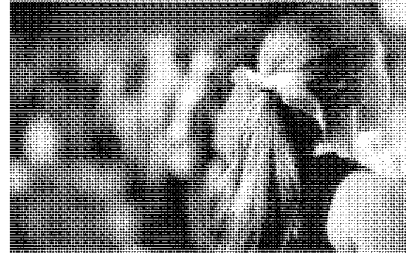
ELEVATING SCHOOL SPIRIT AND INSPIRING LEADERSHIP ON AND OFF THE FIELD



Varsity Spirit: “We Are Cheerleading”

VARSITY BRANDS

- Leading provider of cheerleading uniforms and apparel, events, competitions and educational training camps for school and all star (club) teams
- Culture of innovation and strong track record has led to revenue growth in 43 of the past 44 years
- Unique, highly-customizable products that meet distinct needs of cheerleaders and dancers
- Fully-integrated ecosystem with apparel, camps and competitions offering fueled by strong relationships and an engaged social community



Key Stats and Figures

12,000+ High Schools / 4,500+ Middle Schools

1,000+ College Programs

2,500+ Gyms

750K+ Students

435+ Direct Salesforce

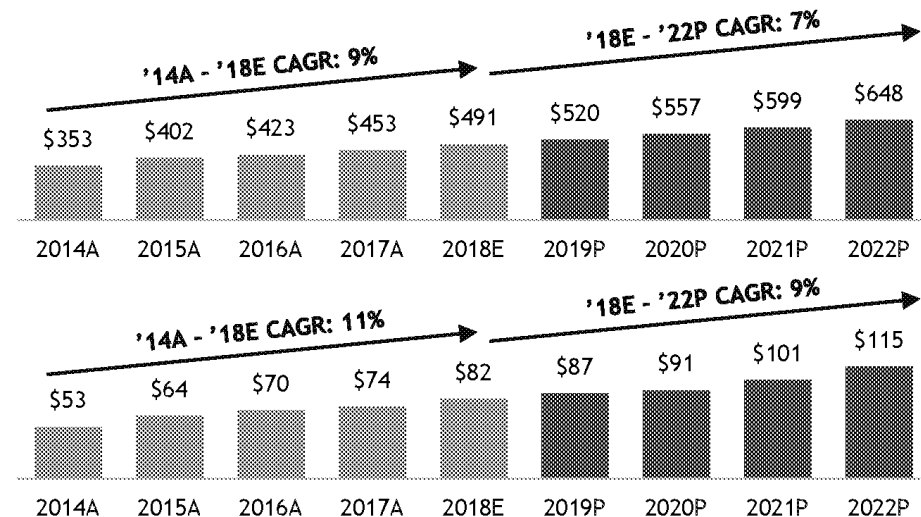
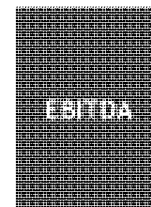
5,600+ Camps

~600 Competitions

Source: Third party consulting research and management estimates.
Note: Represents FY2017 data.

Historical and Projected Net Revenue and EBITDA

(\$Millions)



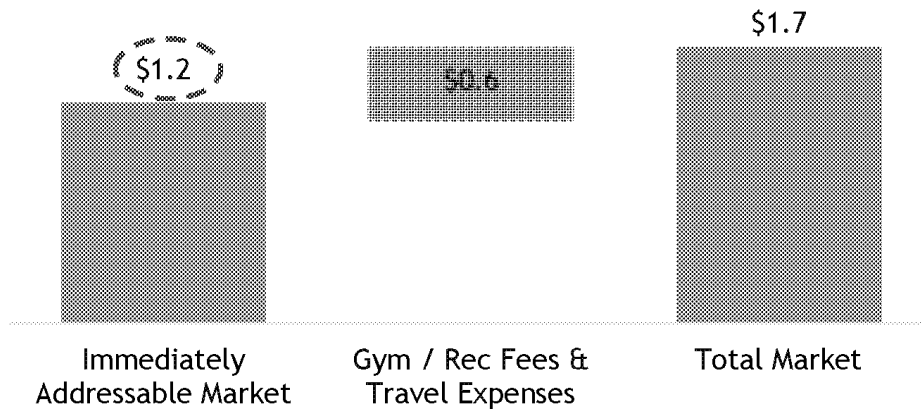
Strong Market Dynamics: Continuously Evolving Sector

VARSITY BRANDS

Cheerleading Represents a Large Addressable Market

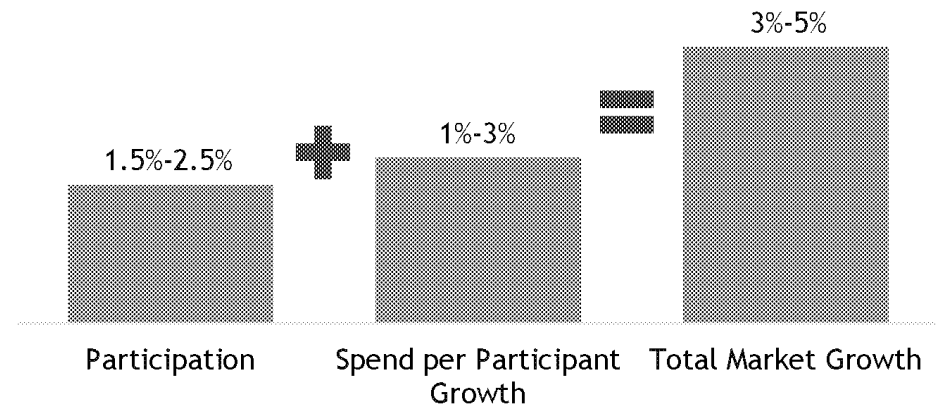
(\$Billions)

Estimated Cheerleading Market Size



Cheer Has Grown at 3-5% Per Year Historically

Estimated Addressable Market Growth



Drivers of Growth

Participation Growing +1.5-2.5% Annually

- In-school market is primary driver of participation growth
- All Star participation driven by youth segment

\$ Spend Growing +1-3% Annually

- Average cheerleader spends over ~\$1,600 per year⁽¹⁾ with spend rising across apparel, camps and competitions
- All Star spend rising fastest as cheerleaders attend more competitions and purchase more and higher priced apparel

Opportunities to Expand the Market

- **FANWEAR:** Capitalize on success of new Game Day format by creating customized fanwear for broader community
- **BAND:** Opportunity to expand into adjacent band market by creating a band-centric ecosystem, leveraging learnings and success of cheer
- **INTERNATIONAL:** International Olympic Committee (IOC) recognition of cheer as a sport unlocks seed money and government funding, opening new markets for Varsity Spirit
 - Targeting expansion into Canada, UK, Australia and China in next 3 years

Sources: Third party consultant, NFHS, consumer surveys and industry participant interviews.

Note: Growth in addressable market represents 2014 - 2016.

(1) Represents the weighted average spend per cheerleader across school (non-competitive), school (competitive) and All Star.

Market Share & Key Competition

VARSITY BRANDS

	Market Share	Key Competitors	
		School	All Star
Apparel	[]%	<ul style="list-style-type: none"> • Omni • GTM • Team Leader • Motionwear • Cheerleading Company • Rebel • Nfinity • Adidas 	<ul style="list-style-type: none"> • Rebel Athletic • GK Elite • Nfinity
Events	[]%	<ul style="list-style-type: none"> • Local All Star Events • JAMZ • Contest of Champions • World Strides - Bowl Games / Parades Division (Special Events) 	<ul style="list-style-type: none"> • JAMZ • Worldwide Spirit Association • Cheer & Dance Extreme • Cheer America • Cheer Nationals at Opryland • Extreme Spirit
Camps	[]%	<ul style="list-style-type: none"> • Local All Star gyms / schools • The Spirit Consultants • B2 Cheer & Dance • ACE gym • Cheer Ohio • Super CDA • Pro Action Dance 	<ul style="list-style-type: none"> • Local All Star gyms (no single significant player) • Twisted Choreography • Action Spirit

Top 5 Revenue and Margin Opportunities

VARSITY BRANDS

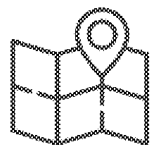
Revenue



Improve Sales Partner Productivity to Drive Account Wins and Boost Cross-Sell



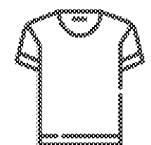
Invigorate Participation in School through the Game Day Camp & Competition Format



Expand Footprint of State & Local Events within the School Segment



Introduce Third The Summit All Star Competition at Disney (D3)

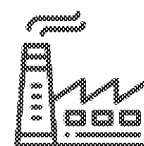


Roll Out Game Day Fanwear to Capture Sales with Students and Parents

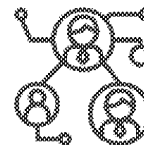
Margin



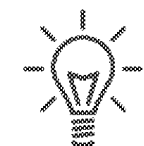
Phase in Marginal Price Raises at Disney Events to Offset Contracted Cost Increases



Operational Savings from Improved Material Utilization, Headcount Reduction, and Shipment Consolidation



Supply Chain Savings from Improved Fabric Usage and Prototype Reduction



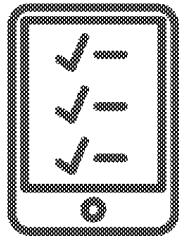
Product Design Savings from Improved PLM Process to Streamline Data Entry



Improve Coverage of Fixed G&A and Labor Costs

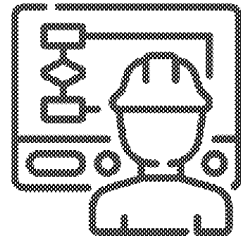
Varsity Spirit Pillars of Growth

VARSITY BRANDS



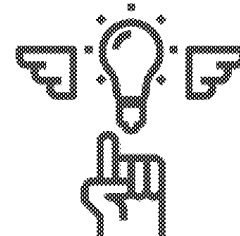
Salesforce Effectiveness

- ✓ Add new sales reps
- ✓ Drive penetration
 - ✓ Student Engagement Directors
 - ✓ Inside sales team
 - ✓ SalesBuilder
 - ✓ Vision boards



Operational Excellence

- ✓ Apparel production efficiencies
- ✓ Mix shift towards Varsity-branded footwear



Innovation

- ✓ D3 Summit
- ✓ Game Day events
- ✓ Game Day fanwear
- ✓ Apply formats to Dance / Band

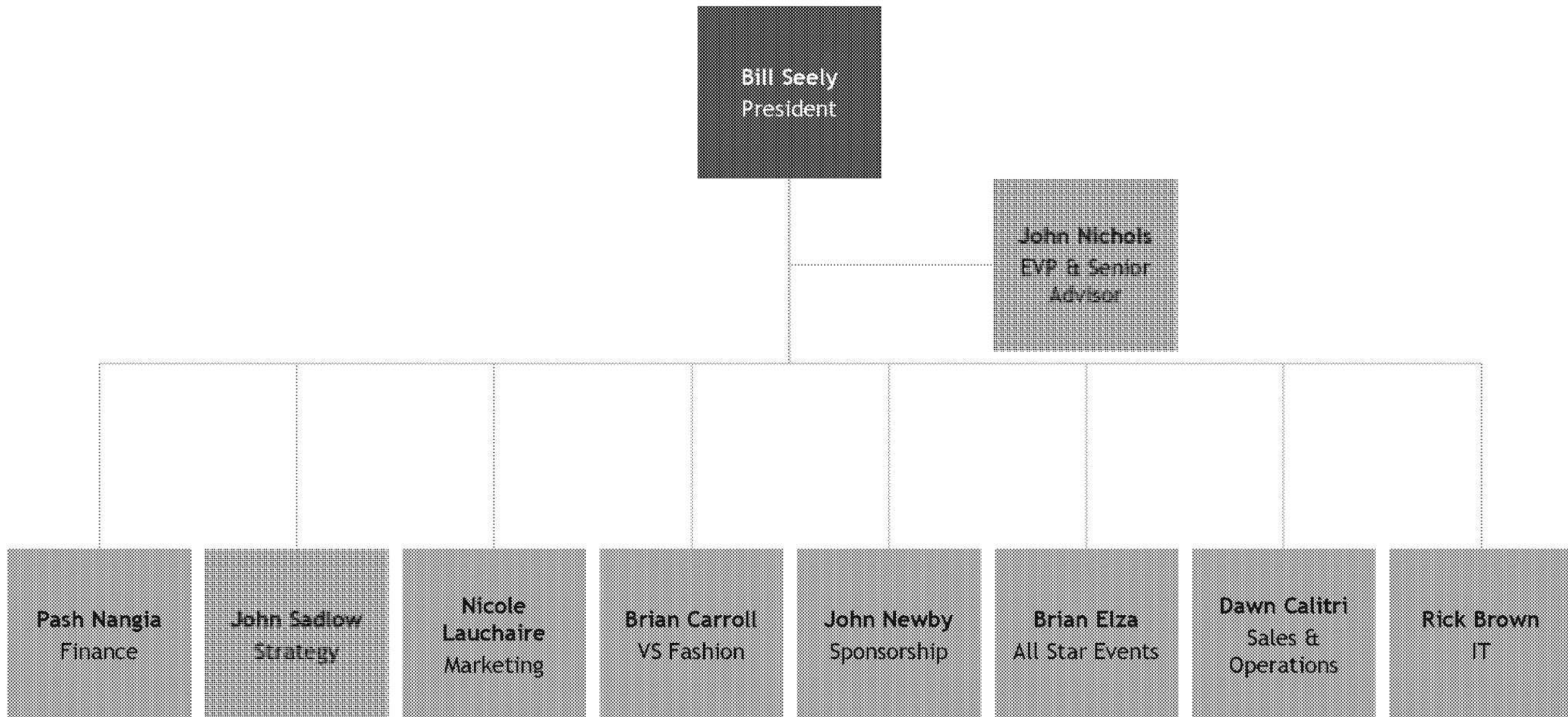


Digital / Technology

- ✓ Customized digital catalogs
- ✓ Fitting app
- ✓ Customer portal
- ✓ Engaged social community
- ✓ Varsity TV and Varsity University

Supported by Talent

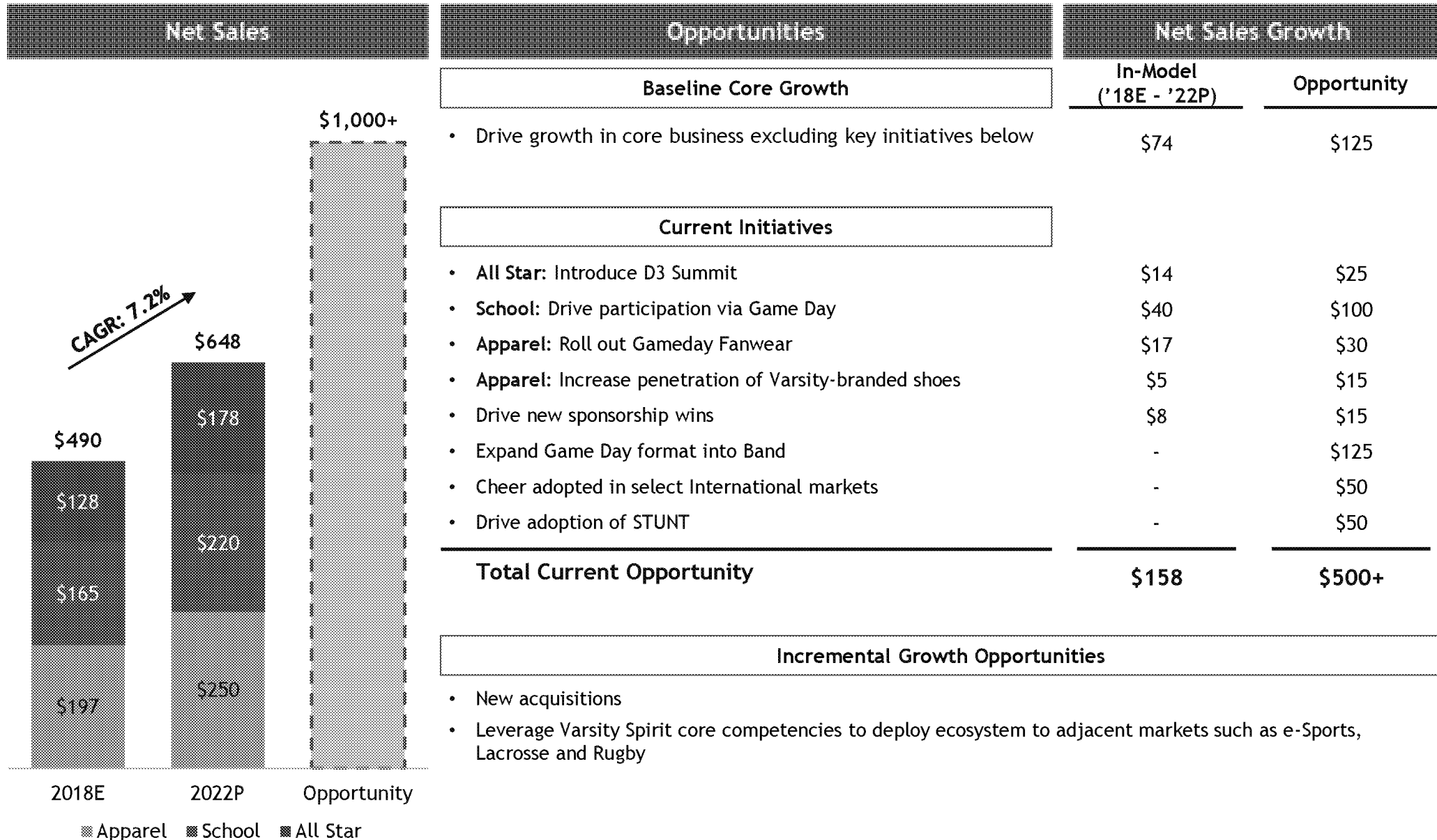
Management Organization

VARSITY  BRANDS

Summary of Varsity Spirit Net Sales Growth Potential



(\$Millions)





Segment Overview: Apparel

Apparel Overview

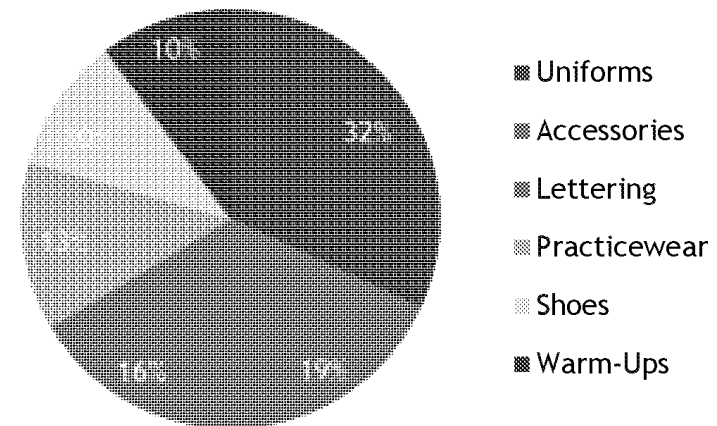
VARSITY BRANDS

Key Points

- 20+ member design and development team
- Unique fitting experience with reps delivering a customized, one-of-a-kind product
- Production contracted with one domestic and six offshore facilities (one owned, six independent)
- Short turn-around time for custom orders (4- to 5-weeks)

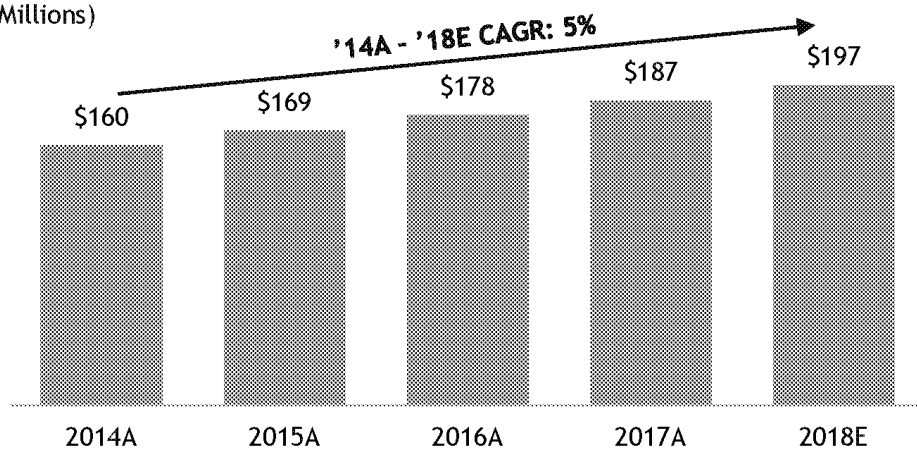


2018E Apparel Sales Breakdown



Net Sales

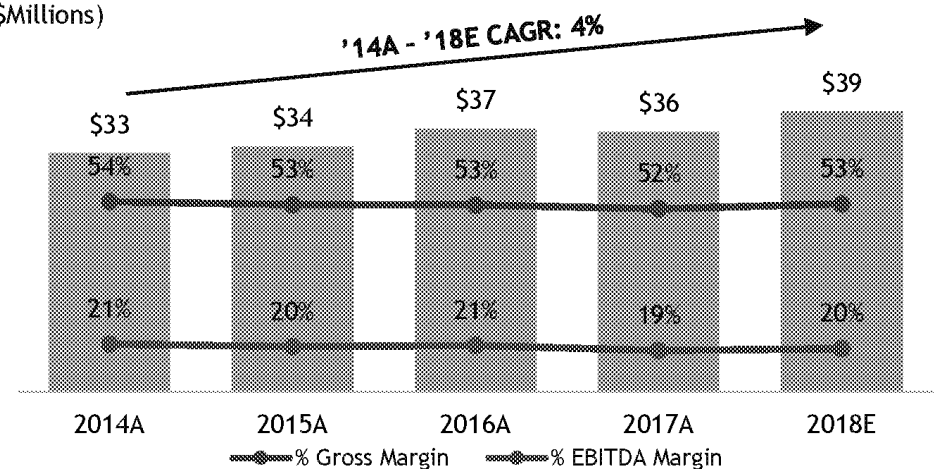
(\$Millions)



Note: Lettering applies to all categories (e.g., letter uniforms, warm-ups, campwear and accessories).

Segment EBITDA

(\$Millions)



Unmatched Design and Production Model

VARSITY BRANDS

Unique Uniform Design and Production Processes...

- 20+ member design and development team identifies latest fashion, fit and fabric trends
- Varsity Spirit provides suppliers with patterns, fabrics, yarn and manufacturing specifications
- Manufacturers responsible for printing, cutting, sewing, embellishment, finishing and shipping
- Independent manufacturing facilities provide flex capacity during peak seasonal selling periods
 - 84,000 units produced per week at peak production
 - Production contracted with one domestic and six offshore facilities (one owned, six independent)

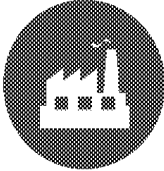
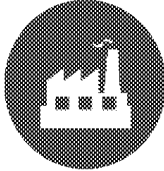
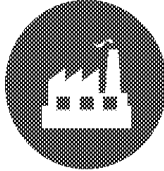
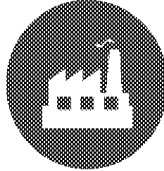
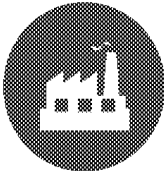
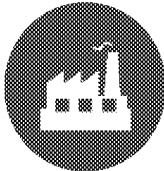
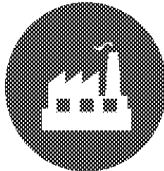
...Delivers Differentiated Results

- Customized, one-of-a kind products meet distinct needs of individual cheerleaders or squads
 - Advanced color matching technology process allows for exact duplication of uniforms for fill-in orders
 - Made-to-order products provides minimal inventory exposure
- Short turn-around time for custom orders (4- to 5-weeks)



Apparel Global Manufacturing Facilities

VARSITY BRANDS

	Spirit Apparel	All Star Apparel	Vpro	Gai Ly
	Santiago, DR	Santiago, DR	El Salvador	Garland, TX
Plant Overview				
Customer Focus Tenure with VS	School / All Star 9 years	School / All Star 8 years	School / All Star 11 Years	School / All Star 14 years
Owned / Independent	▪ Owned	▪ Independent	▪ Independent	▪ Independent
Production	▪ \$35.3 million	▪ \$33.4 million	▪ \$26.8 million	▪ \$22.7 million
	QEL	TexOps	Troy Fashions	
	Esperanza, DR	El Salvador	Moca, DR	
Plant Overview				
Customer Focus Tenure with VS	School New Addition	School New Addition	School 3 years	
Owned / Independent	▪ Independent	▪ Independent	▪ Independent	
Production	▪ Not Available	▪ Not Available	▪ \$4.3 million	

Note: Production metrics represent external sales value of production by factory.

Production Overview

VARSITY  **BRANDS**

- Provide suppliers with patterns, fabrics, yarn and manufacturing specifications
 - Manufacturers are responsible for cutting, sewing, finishing and shipping uniforms
- Use of select independent manufacturing facilities provide flexibility to adjust production output to meet seasonal selling cycle
- The majority of production is contracted with six independent garment manufacturers
 - One domestic
 - Five offshore (Dominican Republic and El Salvador)
- One company-owned Dominican Republic facility
- [40,000] units produced per week at peak production
- Ability to produce up to [50,000] per week
- Customized products to meet the distinct needs of each individual cheerleader or squad
- Highly customized, color and logo matched uniforms and accessories
- Minimal exposure to finished goods
- Industry leading turn-around time (3 to 4 weeks) for custom orders
- Currently only company in the market with all of these capabilities

Apparel Production Cycle

VARSITY BRANDS

Pattern Design

- Design patterns for uniforms in the fall

Merchandise & Catalog

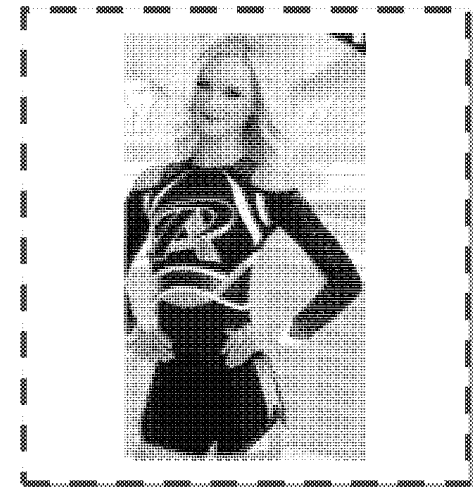
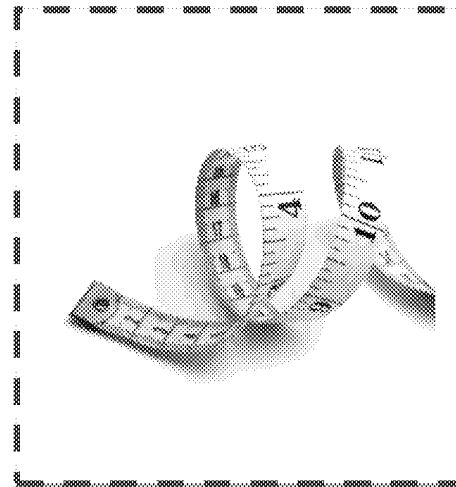
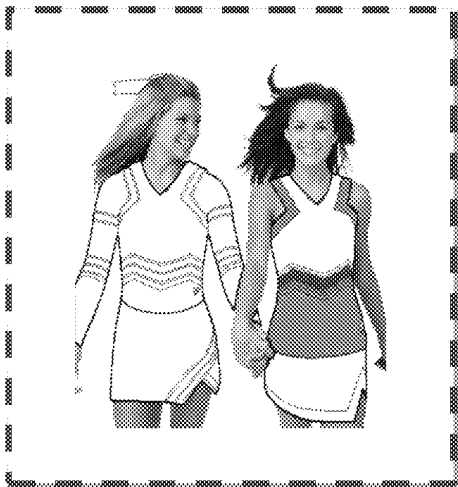
- Catalogs are distributed in January
- Sales and fitting appointments take place throughout the balance of the year

Customer Order

- Sales force visits high school and college customers in the Spring after cheerleaders have been selected for upcoming school year
- Market the uniforms, fit the cheerleaders and dancers, and take orders

Production

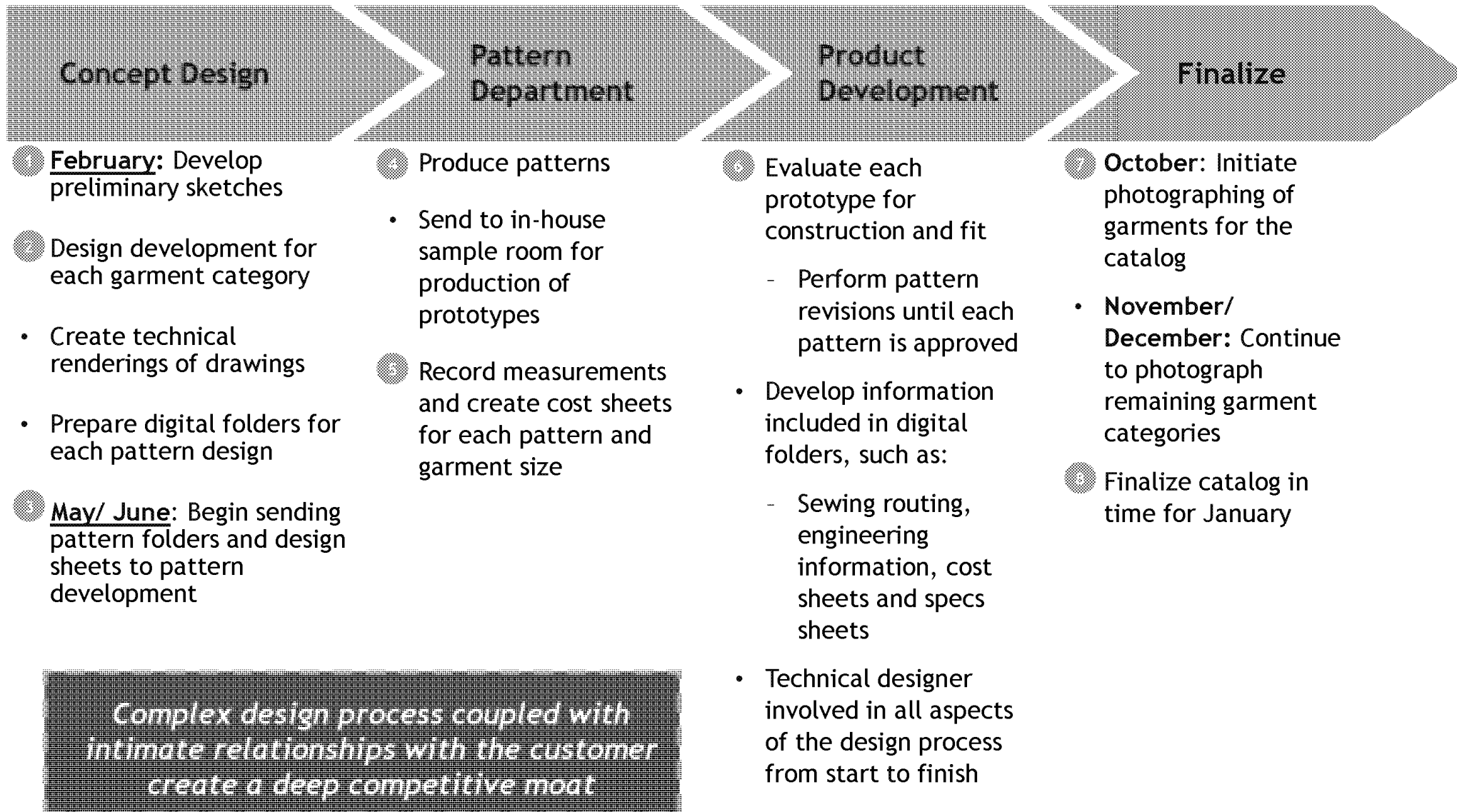
- Uniforms produced during Spring and Summer months
- Shipped prior to start of school in the fall
- Most clothing is made to order, allowing for wide array of style choices while avoiding inventory exposure



Design & Development Process

Representative Uniform and Pattern Design Process

VARITY BRANDS

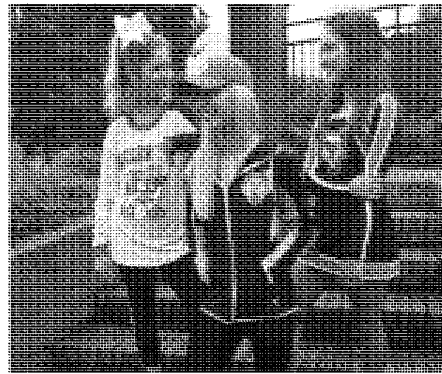
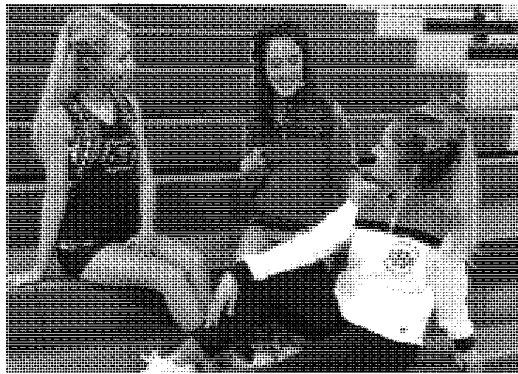


The Future of Cheer Apparel is Here

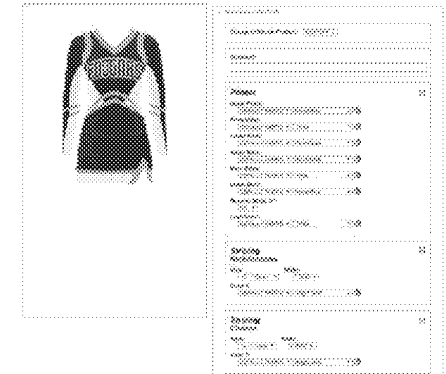
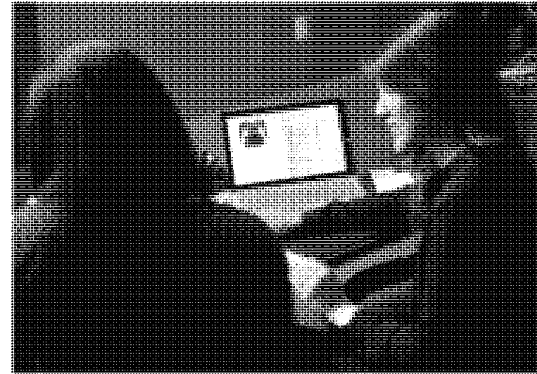
VARSITY BRANDS

- 1 Shift in market dynamics to “Bow-to-Toe” Varsity Spirit style
- 2 Personalized experiences with Varsity Design Studio
- 3 Sublimation technology allows for unlimited design creativity
- 4 Traditional white shoes can now be replaced with completely custom shoes

1 “Bow-to-Toe”



2 Varsity Design Studio



3 Sublimation Technology



4 Custom Shoes



Dynamic Direct Salesforce with the Digital Tools to Drive New Account Wins

VARSITY BRANDS

Dynamic Direct Salesforce...

- Direct salesforce of 435+ reps
 - Primarily female, mostly former cheerleaders with strong relationships
 - Continual pipeline of talent through former instructors, cheerleaders and dancers
- Enthusiastic and highly experienced
 - Utilize salesforce.com CRM technology
- Inside sales team provides support and lead generation



Enabled by Unique Digital Tools

Sales Builder Tool

- White space identifier

Design Studio Software

- Proprietary software creates custom solutions

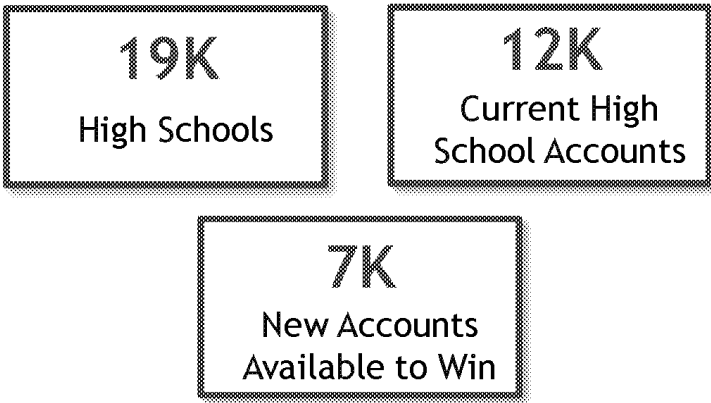
Digital Catalogs

- Customized for each school and team

Vision Boards

- Drive productivity

Large White Space Opportunity



Penetration Opportunity: Apparel Product Cross-Sell

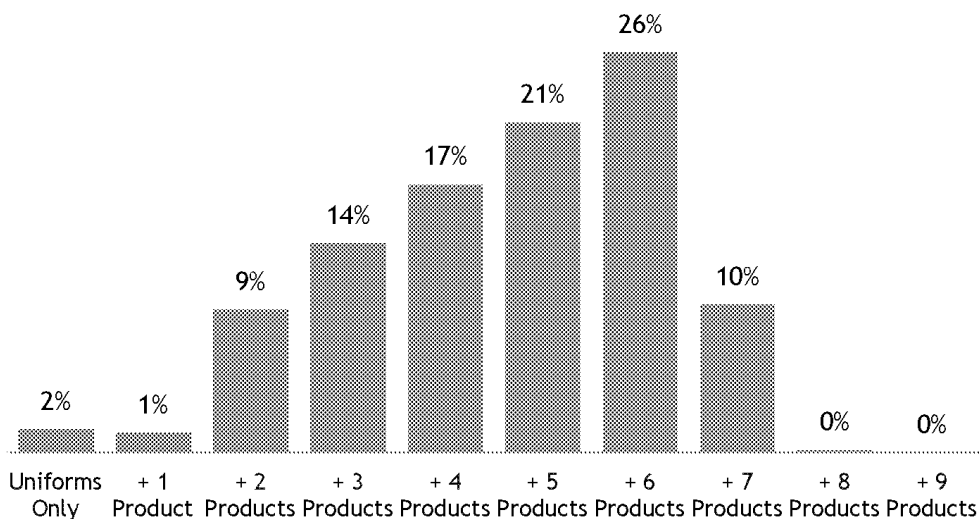
97% of Accounts Purchase 2+ Product Categories Incremental to Uniforms

VARSITY BRANDS

Tangible Growth Initiatives

- Enable sales reps to go deeper within existing accounts with new digital tools at their disposal:
 - Sales Builder
 - Vision Boards
 - Varsity Design Studio
- Highly attractive embedded growth opportunity exists to further penetrate apparel customers

Uniform Account Cross-Sell



Note: Penetration based on 2017A account data.

Cross-Product Penetration of Uniform Accounts

		Penetrated Accounts	Spend per Account	Incremental Opportunity
Uniforms	100%	14.9K	\$3.4K	
Lettering	97%	14.4K	\$11.3K	\$5.5M
Accessories	81%	12.1K	\$12.6K	\$35.6M
Shoes	61%	9.0K	\$13.9K	\$81.7M
Warmups	55%	8.2K	\$14.7K	\$98.6M
Practicewear	48%	7.2K	\$14.7K	\$113.1M
Dance	20%	3.0K	\$18.5K	\$220.2M

Salesforce Effectiveness: Vision Boards

Creating Customer Style Stories

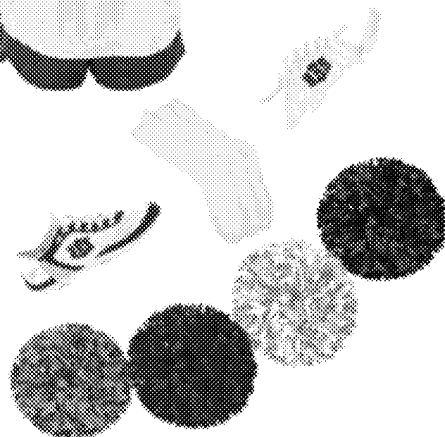
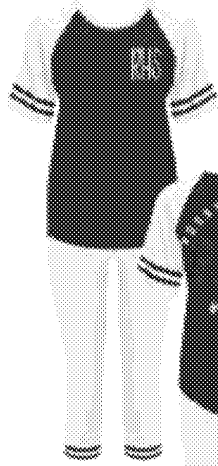
VARSITY BRANDS

Camp Couture

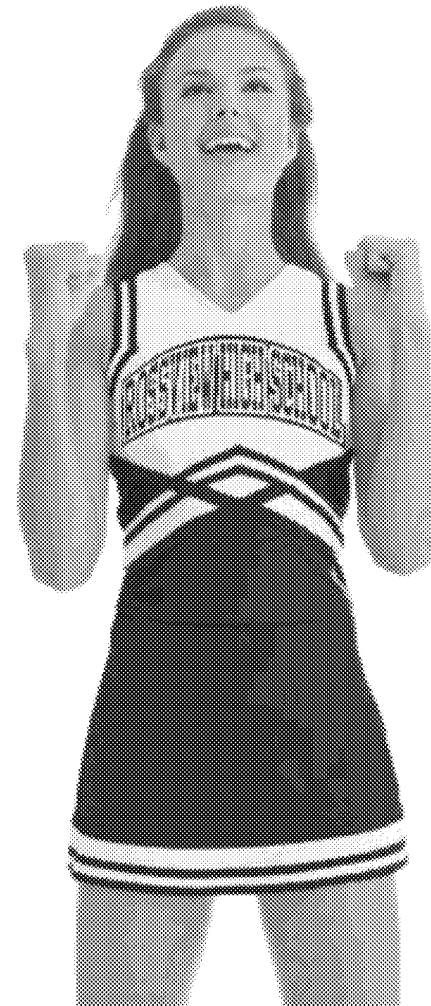


Rossview Hawks

Our Style Story



Essentials

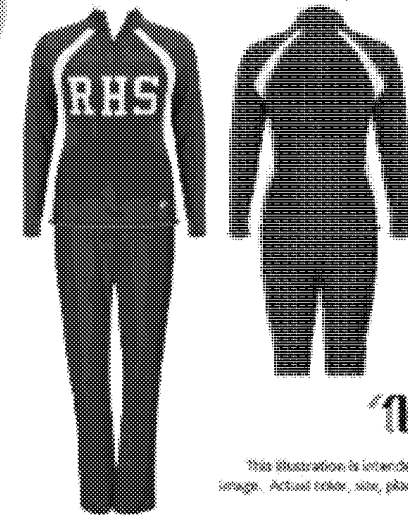


Game Day



Gear

Warm Ups



VARSITY spirit fashion

This illustration is intended as a representative image. Actual color, size, placement, etc., will vary.

Salesforce Effectiveness: Sales Builder

Identifying Actionable Opportunities

VARSITY BRANDS

- Varsity Spirit continues to develop digital tools to help sales pros further penetrate existing apparel accounts

Squad Name	At Plan Risk									# Cats	In Progress	CY Revenue	Plan Total	+/- Plan	PY Total
125 (of 125)		5	3	3	1	9	2	1	5		\$0	\$121,331	\$815,059	-\$693,728	\$722,598
Brookland JH School JR CH AL 	<input checked="" type="checkbox"/> <input type="checkbox"/>									8	\$0	\$0	\$15,299	-\$15,299	\$26,410
Rivercrest JH School JR CH AL 	<input checked="" type="checkbox"/> <input type="checkbox"/>									7	\$0	-\$54	\$13,899	-\$13,952	\$23,116
Walnut Ridge Middle School JR CH AL 	<input checked="" type="checkbox"/> <input type="checkbox"/>									8	\$0	\$0	\$15,531	-\$15,531	\$21,873

Value Driving Metrics (Key)

- Photographs represent major apparel product categories
- White squares: no prior year sales
- Blue squares: no prior year sales but current year plan identified and saved
- Green square: registered prior year sales
- Up / Down arrow: indicates more (up) / less (down) / or same amount (up/down) of subcategories expected to be solid in plan relative to prior year

Salesforce Effectiveness: myVarsity Customer Portal

The All-Access Pass to Varsity Spirit Accounts

Varsity  BRANDS

11,080

Unique active users
2018 YTD

2.88

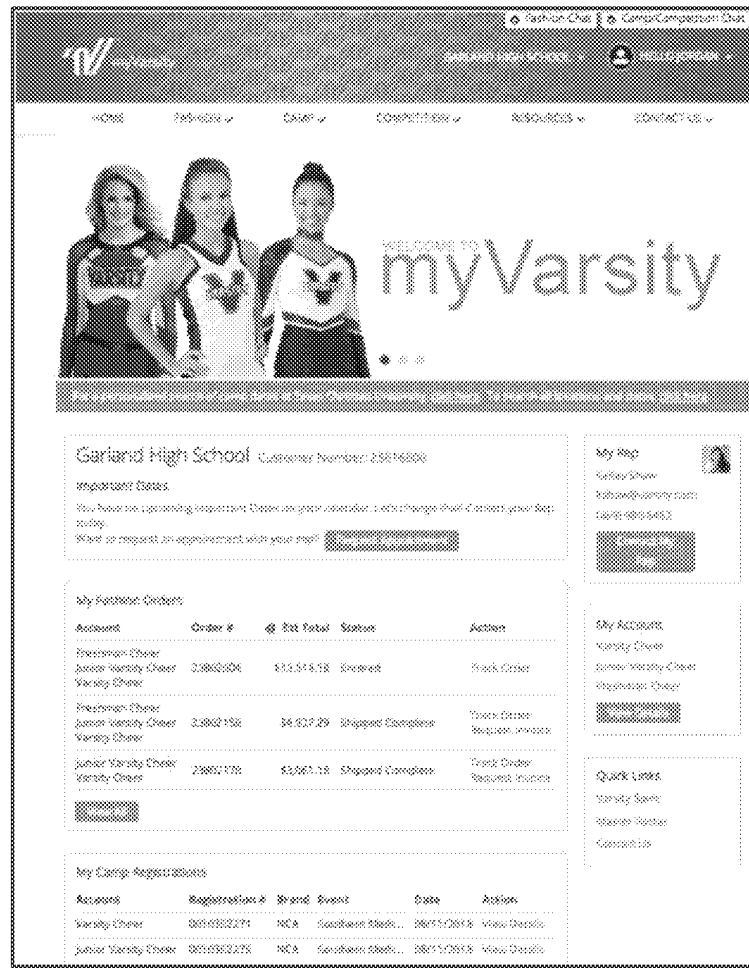
Avg. Pages per
Session

3:43

Avg. Session
Duration

Key Functionality Driving Engagement

- Single login to access all Varsity Spirit accounts
- View snapshot of all accounts on personalized homepage
- Chat with fashion, camp, and competition experts
- Request appointments and contact Rep right from the homepage
- Track Varsity Spirit Fashion Orders, and submit and sign important documents
- Search, Register and Manage Camp and Competition Registrations
- Update Master Roster and Create Rooming Lists
- Easily access resources in the world of fashion, camp and competition



The screenshot shows the myVarsity customer portal for Garland High School (Customer Number: 25814600). The interface includes a navigation bar with links like Home, My Varsity, Camp, Competition, Resources, and Contact Us. A large banner welcomes users to myVarsity. Below the banner, there are sections for 'Important Dates', 'My Fashion Orders', 'My Accounts', and 'My Camp Registrations'. The 'My Fashion Orders' section displays a table of orders with columns for Account, Order #, \$ Total, Status, and Action. The 'My Accounts' section lists various Varsity Spirit accounts. The 'My Camp Registrations' section displays a table of registrations with columns for Account, Registration #, Brand, Event, Date, and Action.

Account	Order #	\$ Total	Status	Action
Freshman Cheer	03802004	\$12,514.18	Ordered	Track Order
Junior Varsity Cheer				
Varsity Cheer				
Freshman Cheer	03802150	\$4,927.29	Shipped Complete	Track Order
Junior Varsity Cheer				
Varsity Cheer				
Junior Varsity Cheer	25802170	\$1,067.18	Shipped Complete	Track Order
Varsity Cheer				

Account	Registration #	Brand	Event	Date	Action
Varsity Cheer	0011002274	NCA	Southern State...	08/11/2018	View Details
Junior Varsity Cheer	0011002275	NCA	Southern State...	08/11/2018	View Details

Note: Statistics represent preliminary figures representing engagement levels half way through the season.

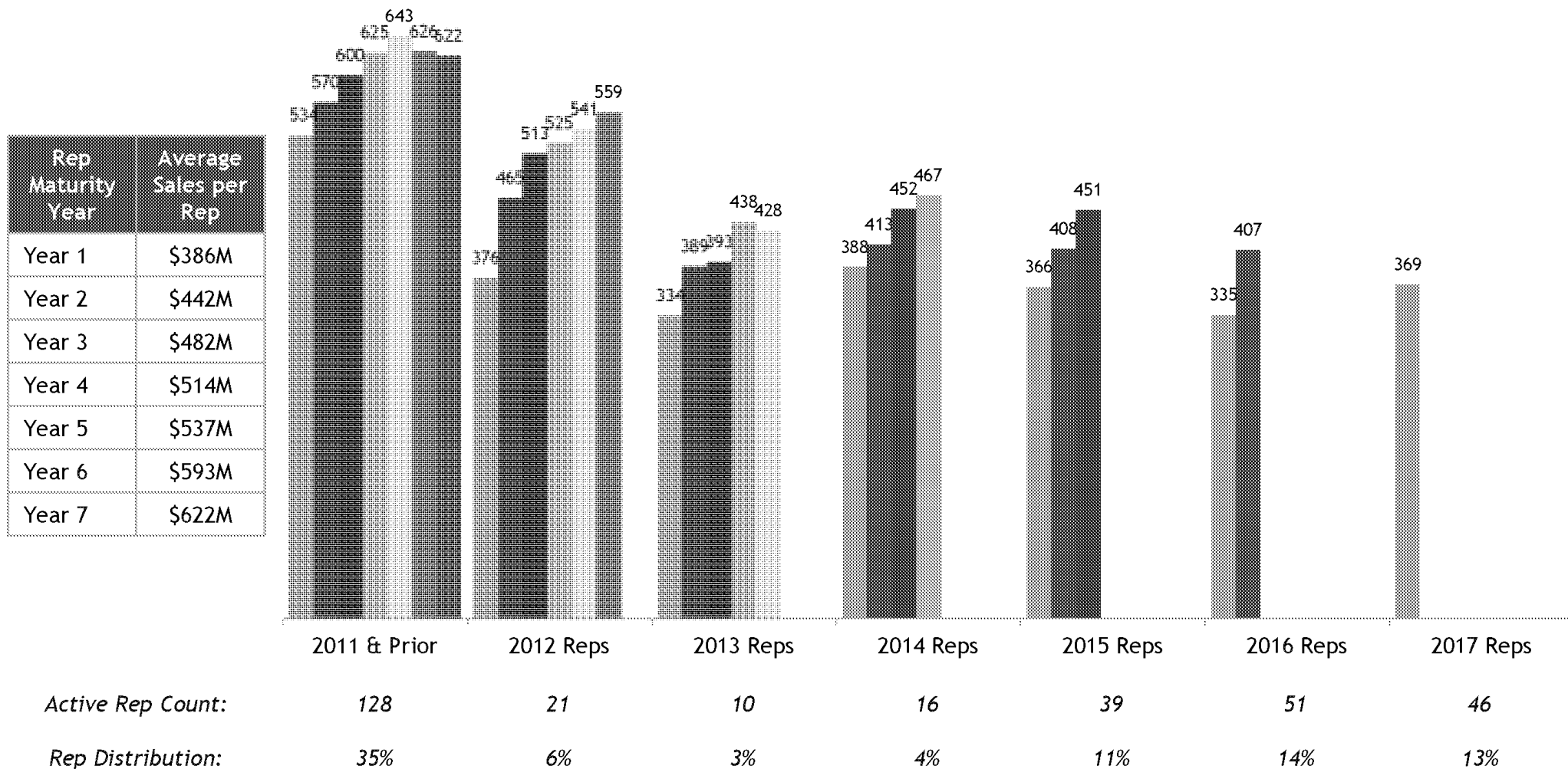
Salesforce Efficiency



(\$Thousands)

- Varsity Spirit Apparel reps have consistently improved performance over time in the ecosystem

Average Sales per Rep by Cohort & Year



Note: Total active rep count is 368, which includes 57 reps in the 2018 cohort not shown on the chart.

Apparel Cost Saving Opportunity

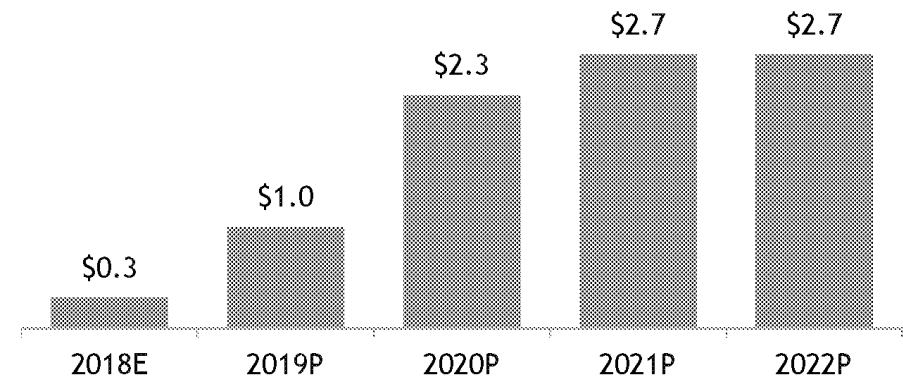


Varsity Spirit, along with an independent third party, has identified opportunity for IT systems upgrades and process improvements to drive cost savings in the future.

Key Benefits of IT and Operational Improvements

- Limit risk of system downtime
- Limit dependence on tribal knowledge within the company
- Increase efficiency for sales reps and reduce turnover risk
- Increase accuracy of data and information by eliminating duplicate entry which will improve product quality and customer experience
- Enable real-time reporting for customer orders and manufacturing processes
- Significant cost savings

Apparel Cost Savings Achieved in Forecast Period



Project Description	Functional Area	Annual Savings
Improved usage of fabric and paper driven by TrueShape software	Operations	\$0.6
Apparel FTE reduction from efficiency and spend	Operations	\$0.3
Shipment consolidation across plants	Operations	\$0.5
Improved usage of fabric through improved processes	Supply Chain	\$0.8
Reduce prototype by 10.0% annually and FTE reduction	Supply Chain	\$0.5
PLM process to streamline and consolidate data entry	Product Design	\$0.2
Total Annual Run-Rate Savings		\$2.7

Note: "Annual Savings" represent savings achieved in 2022P. Savings presented net of implementation costs (\$0.7 and \$4.8 million of SG&A and capital expenditure investments, respectively).

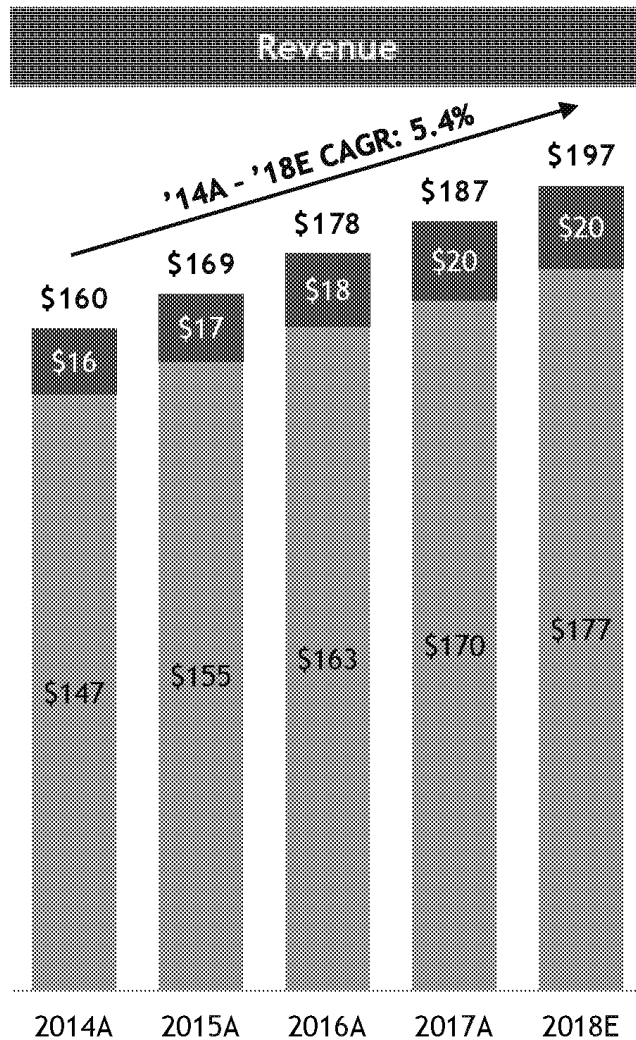
Apparel Financial Trends

VARSITY BRANDS

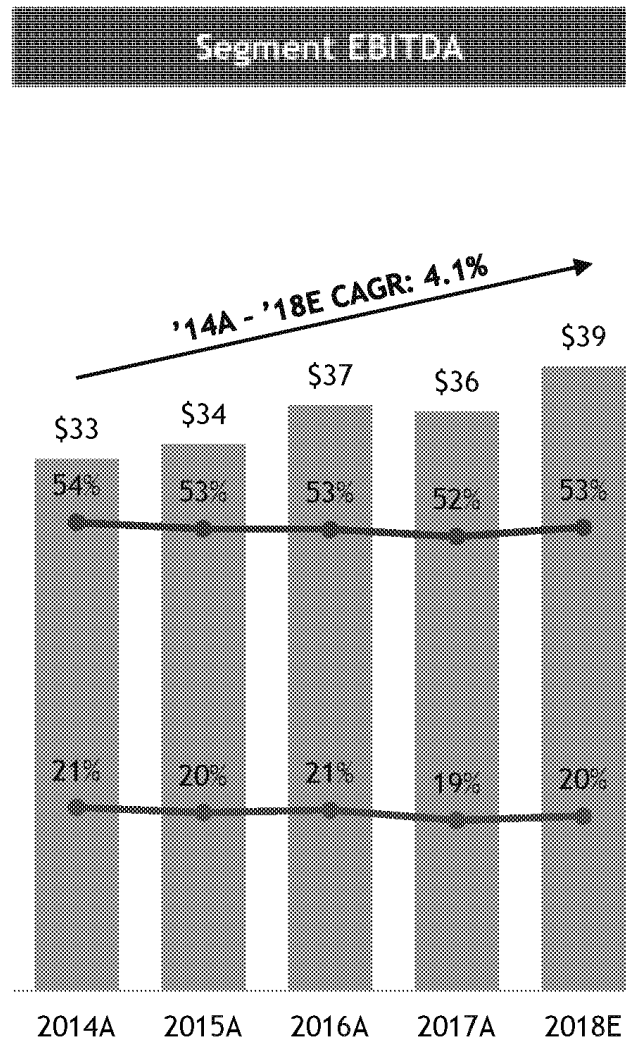
(\$Millions)

- Consistent growth in revenue and profitability while holding margins largely flat

Revenue



Segment EBITDA



MD&A

- Focused on product innovation through introduction of new PowerFit fabric for uniforms and sublimated campwear and expansion into private label footwear, leading to a 5.4% Net Sales CAGR
- Introduction of new fabrics, private label shoes and operational efficiencies produced a 4.1% EBITDA CAGR
- YoY Growth of 5.2% Net Sales and 7.8% EBITDA driven by continued apparel growth aided by additional field reps, enhanced digital sales tools and apparel cost savings initiatives rolling in for 2018E

■ Apparel ■ Footwear

—●— % Gross Margin —●— % EBITDA Margin

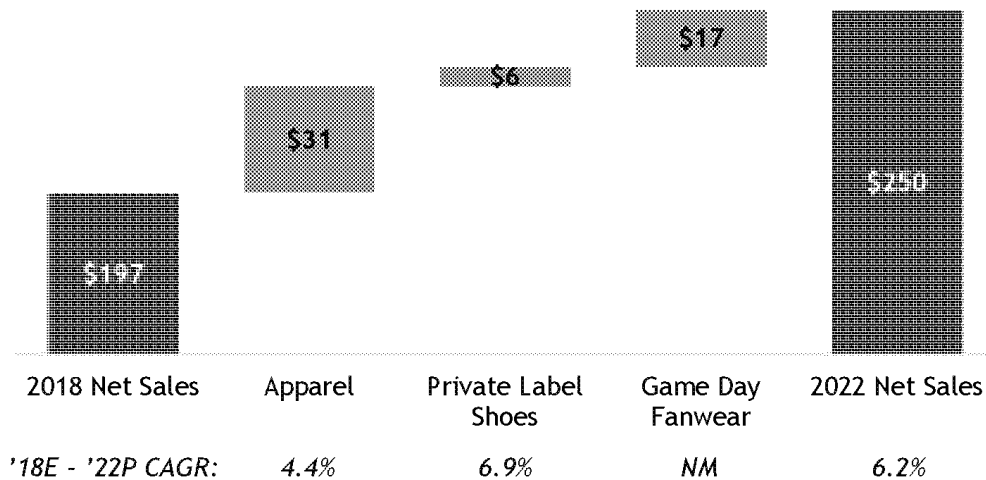
Note: Totals do not match sum of components due to freight, discounts, and returns.

Apparel Forecast Drivers



(\$Millions)

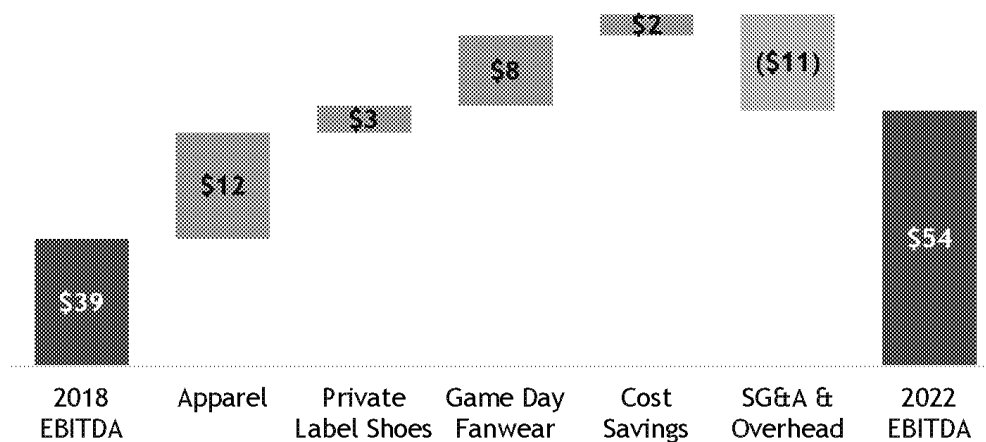
2018E - 2022P Net Sales Bridge



Major Growth Initiatives

- Rollout and penetration of Game Day Fanwear adds over \$15 million to Net Sales by 2022P
- Continued net wins across Apparel and Private Label Shoes

2018E - 2022P EBITDA Bridge



Key Assumptions

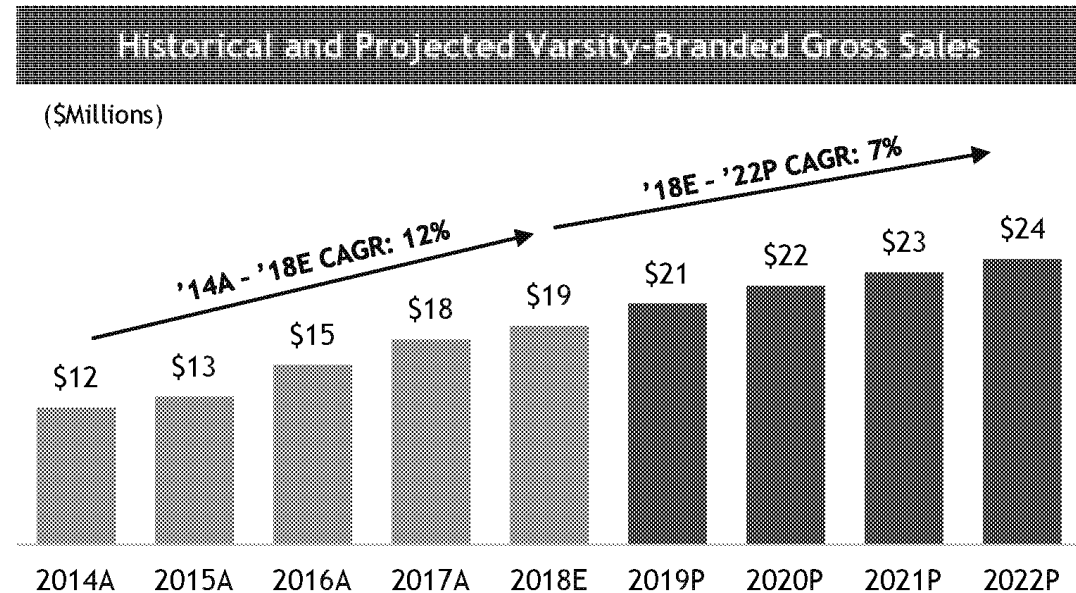
- Continued net wins pace
- Buy rates flat
- Third Party shoes sales flat
- **Game Day Fanwear:**
 - In 15 schools in 2018E, 500 in 2019P, and 7,000 by 2022P
 - Place higher priority on larger target schools
 - Increasing student body penetration from ~4% to ~6%
 - ASP growth from \$35 in 2018E to \$42 in 2022P

Note: EBITDA impact of revenue growth calculated using GM less commission.

Enhanced Customization in Footwear

VARSITY BRANDS

- Market leading Varsity-branded private label footwear enhanced by latest technology
- Design features such as breathable mesh and shock resistant memory foam
- Ability to leverage Team Art Locker data in the future to increase customizable options across footwear, accessories and other products
- High margin private label sales provide opportunity to drive EBITDA growth and margin
 - ~1,700 bps margin difference versus third-party shoes



Today

~260K Pairs (2017A)



Future

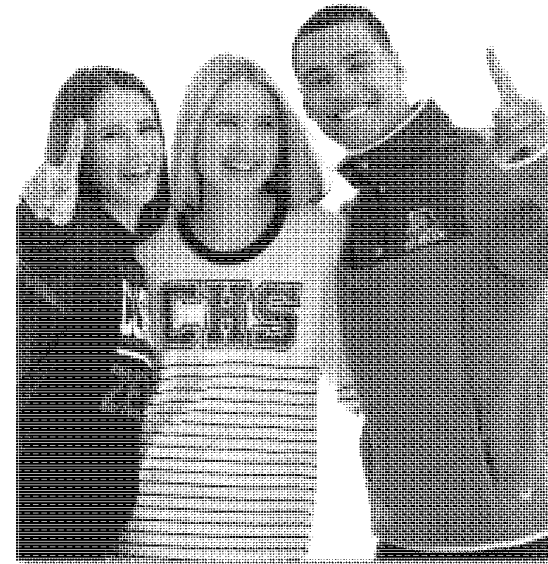
~350K Pairs (2022E)



Introducing Our Innovative Game Day Fanwear

VARSITY BRANDS

- Leverage existing apparel capabilities to launch Game Day Fanwear apparel
- Capitalize on large base of existing Game Day participants
- Ability to leverage Team Art Locker data to provide custom school apparel
- Expand market by providing Game Day Spirit Apparel to School parents, students, coaches and broader community
 - Incremental All Star Gyms opportunity

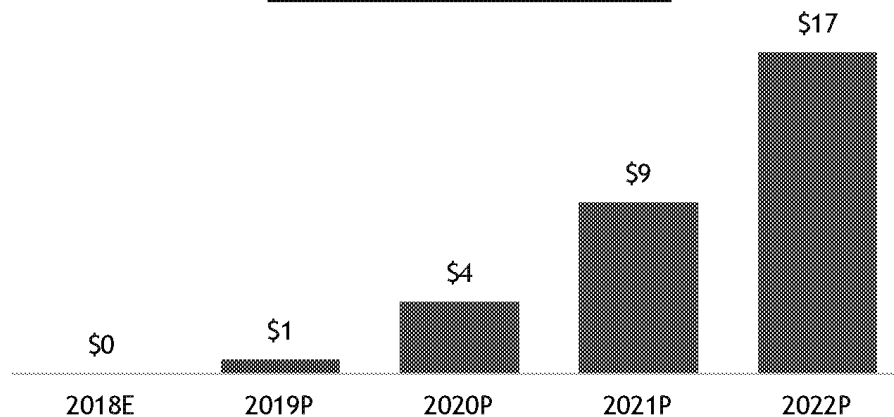


Introducing Game Day Fanwear

(\$Millions)

Capitalize on success of Game Day format by introducing Game Day Fanwear

Projected Gross Sales Growth



Game Day Fanwear Model

(\$Millions)

	Fiscal Year Ending,				
	2018E	2019P	2020P	2021P	2022P
Game Day Fanwear					
Schools	15	500	2,000	4,000	7,000
Net Wins		485	1,500	2,000	3,000
Students per School	1,900	1,000	1,000	1,000	1,000
Student Body Penetration	3.8%	4.1%	4.9%	5.3%	5.6%
Students with Sales per School	71	41	49	53	56
Volume (000s)	1	21	98	210	394
% Growth		1,829.8%	372.7%	115.4%	87.5%
Average Sale Price (\$ Actual)	\$35.00	\$36.00	\$38.00	\$42.00	\$42.00
% Growth		2.9%	5.6%	10.5%	0.0%
Gross Sales	\$0	\$1	\$4	\$9	\$17
% Growth		NM	399.0%	138.1%	87.5%



Segment Overview: All Star

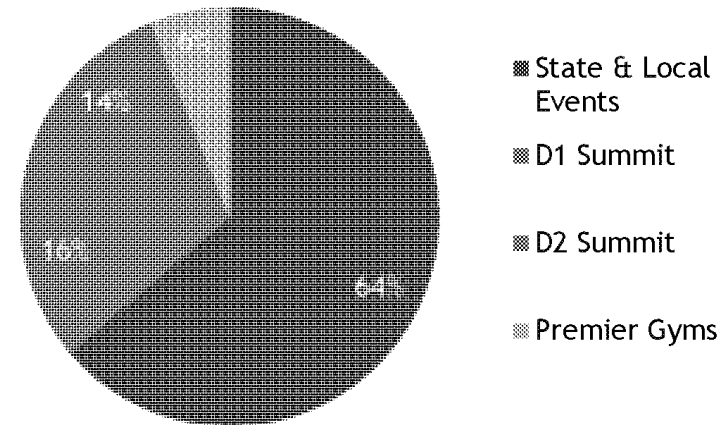
All Star Overview

VARSITY BRANDS

Key Points

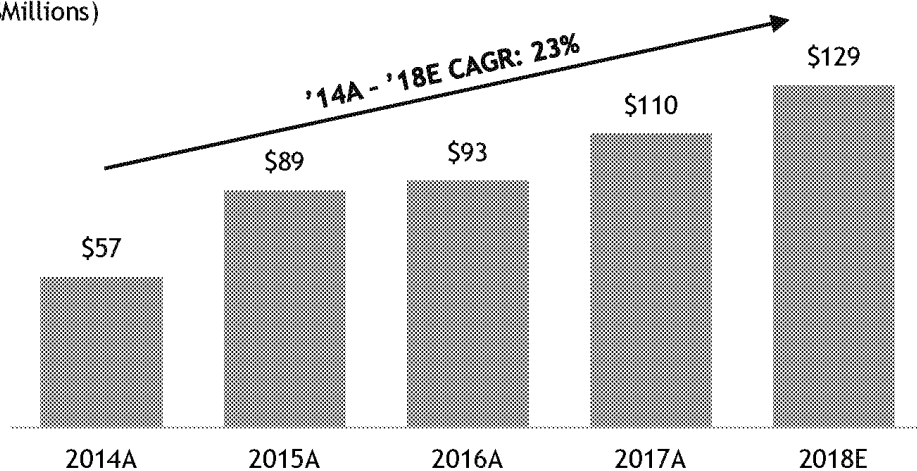
- Originally created to provide an alternative for athletes not on the school team
 - Primarily centered on entertainment, stunts and skills
- Focus on out of school all star teams
 - Travel competitive teams not associated with a school; practice through local all star gyms
- Relationships with 2,500+ gyms
 - Primary relationship with gym owner
- Apparel style is performance and skills oriented with an emphasis on complementing a team's routine

2018E All Star Sales Breakdown



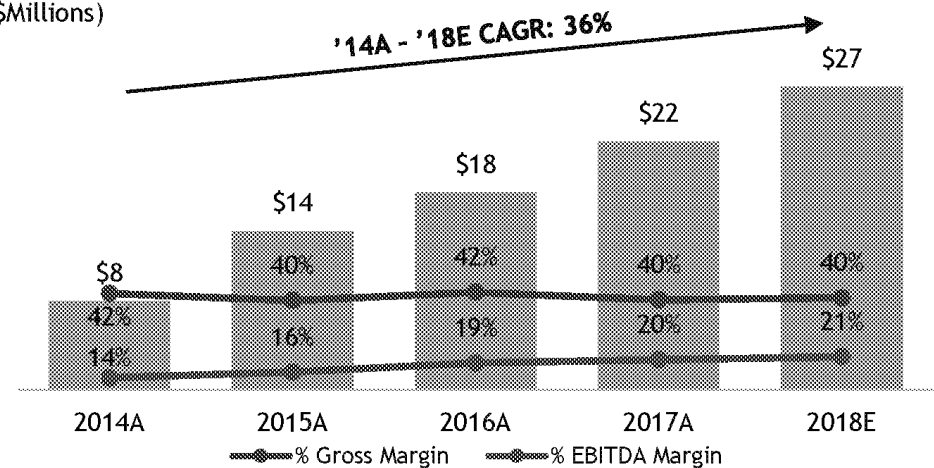
Net Sales

(\$Millions)



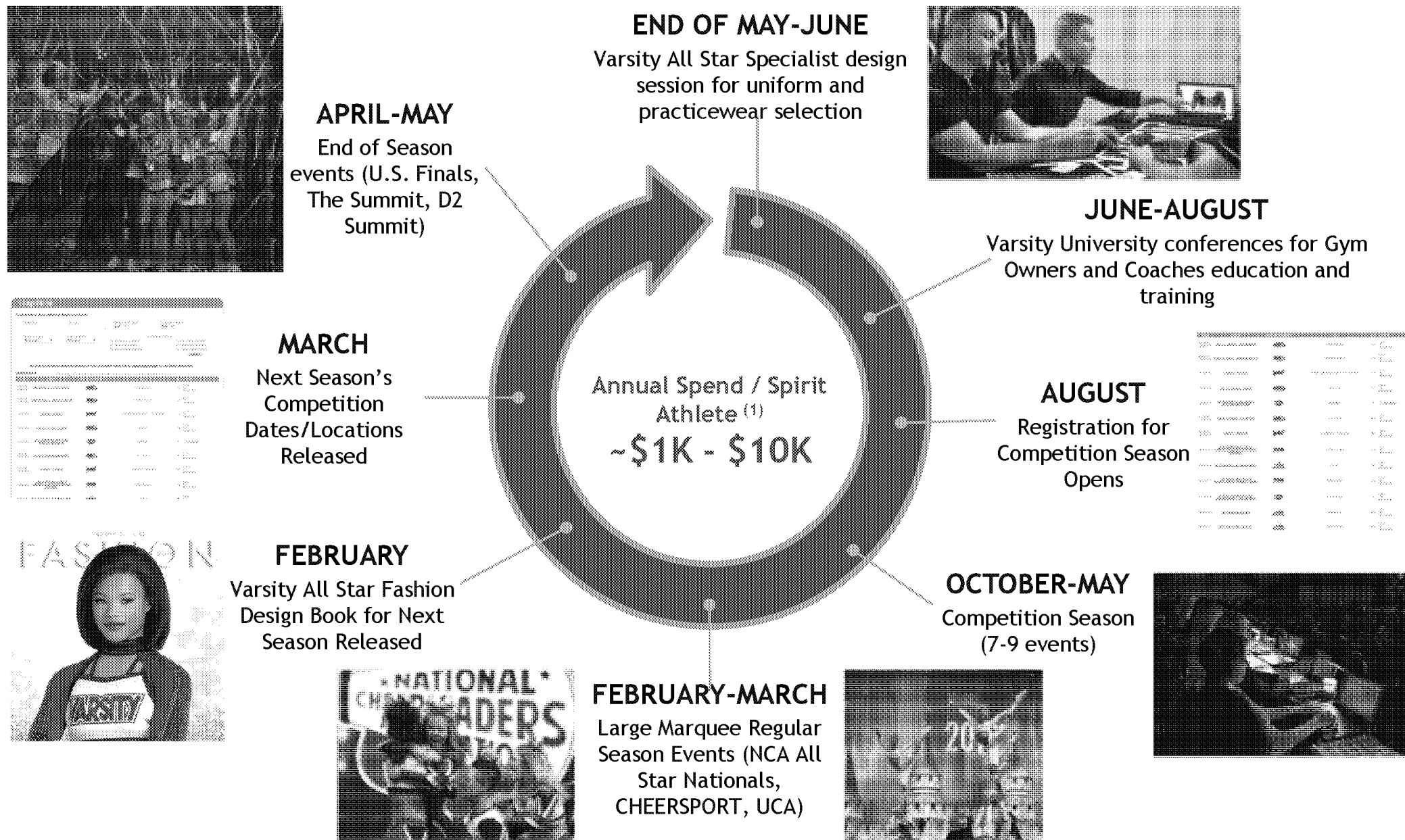
Segment EBITDA

(\$Millions)



Varsity Spirit All Star Customer Journey

VARSITY **BRANDS**



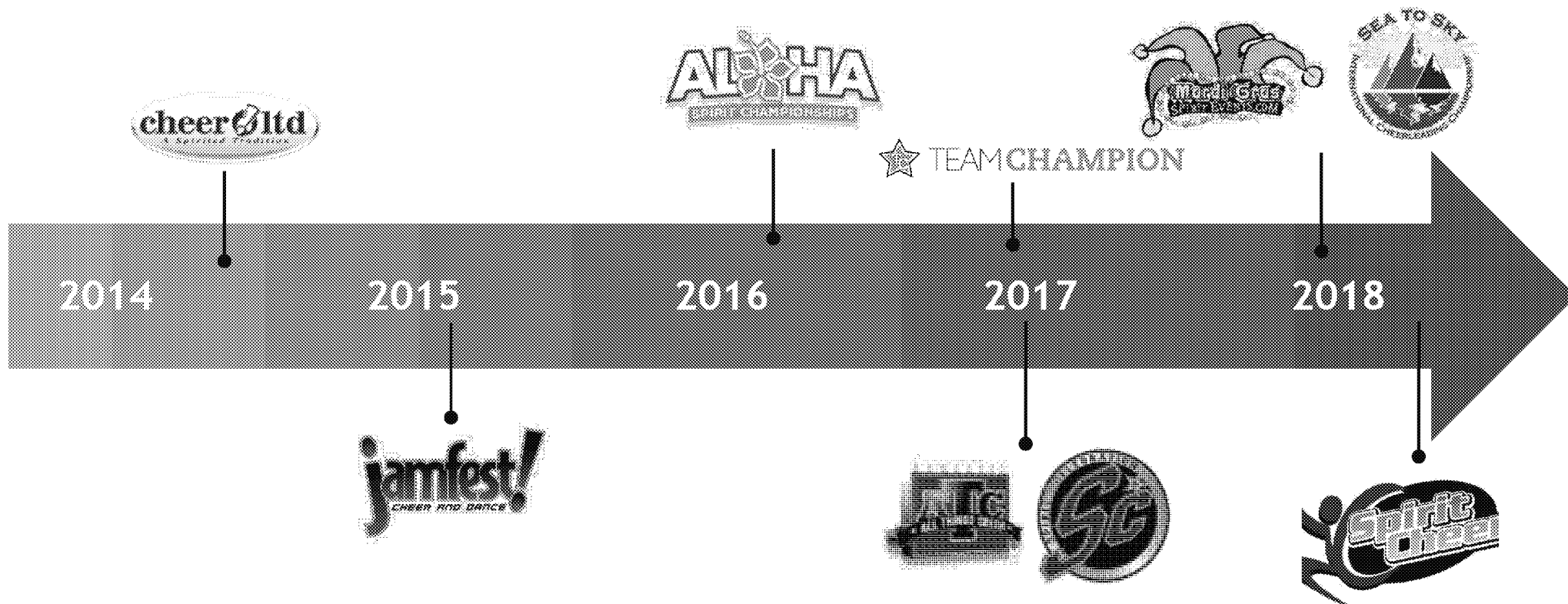
(1) Represents the range of total annual spend per athlete from basic to elite levels of engagement.

All Star Ecosystem

VARSITY  BRANDS

- Varsity Spirit strategically does not convert banners following acquisitions in order to limit participant awareness of total \$ spend to Varsity Spirit
- Acquired entities have powerful brand value that Varsity Spirit does not want to disrupt
 - Each event provides participants with a unique experience that helps keep customers going to multiple competitions per year

Recently Acquired Brands



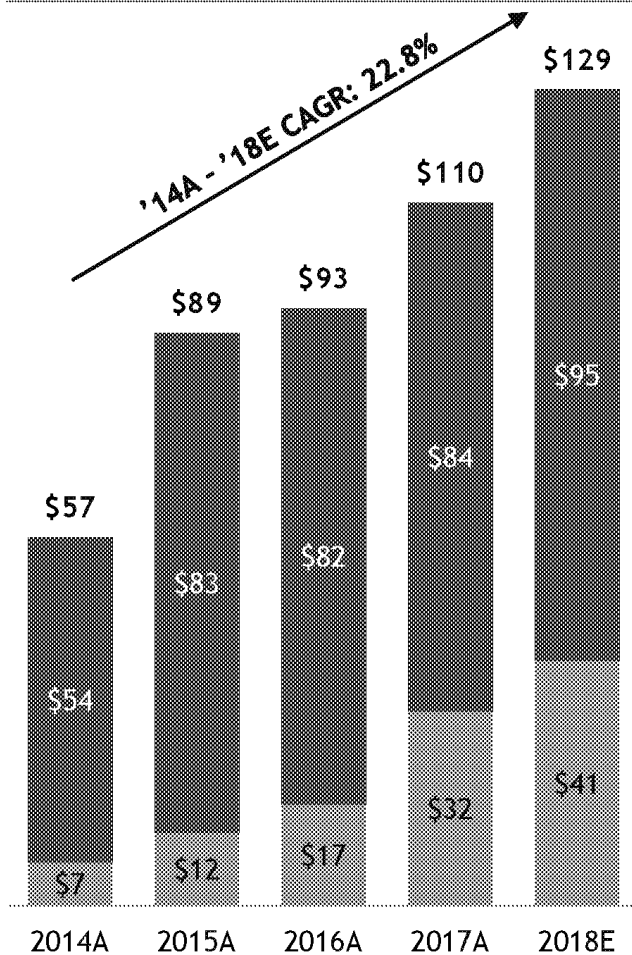
All Star Financial Trends



(\$Millions)

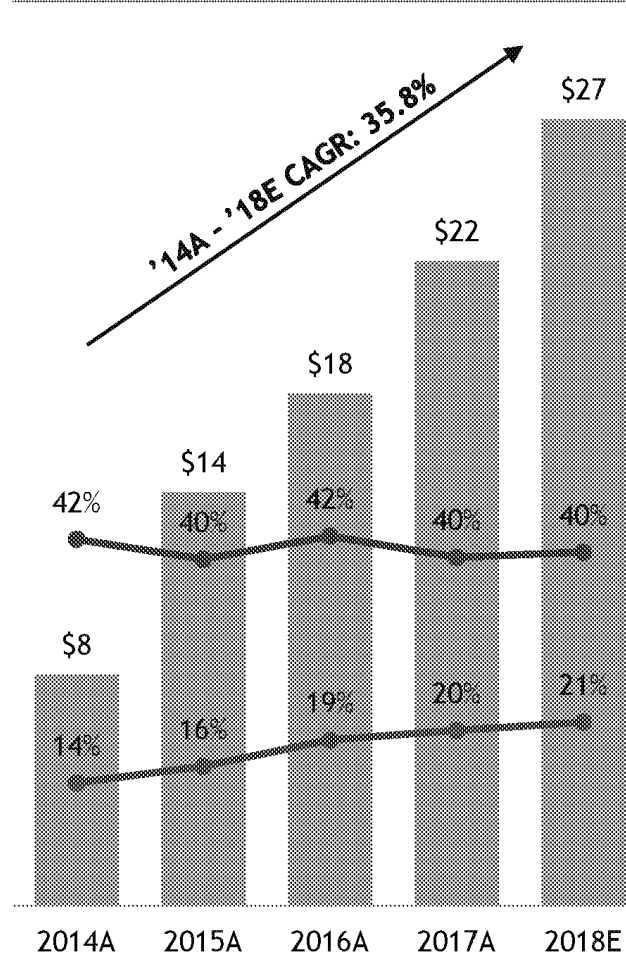
- Strong organic growth at national events (The Summit) and a well-implemented M&A strategy led to significant bottom-line expansion

Revenue



■ The Summit (Disney) ■ State & Local Events

Segment EBITDA



—●— % Gross Margin —●— % EBITDA Margin

M&A

- Achieved significant growth at The Summit, introduced the D2 Summit (2016), and completed tuck-in acquisitions expanding Varsity Spirit's competition footprint, yielding a 22.8% CAGR
- Growth propelled by strength of The Summit and D2 Summit competitions as well as acquisitions, leading to 35.8% EBITDA CAGR
- 2018E YoY All Star growth driven by acquisition of EPIC (2018E Net Sales of \$8 million) in addition to The Summit and D2 Summit participation gains

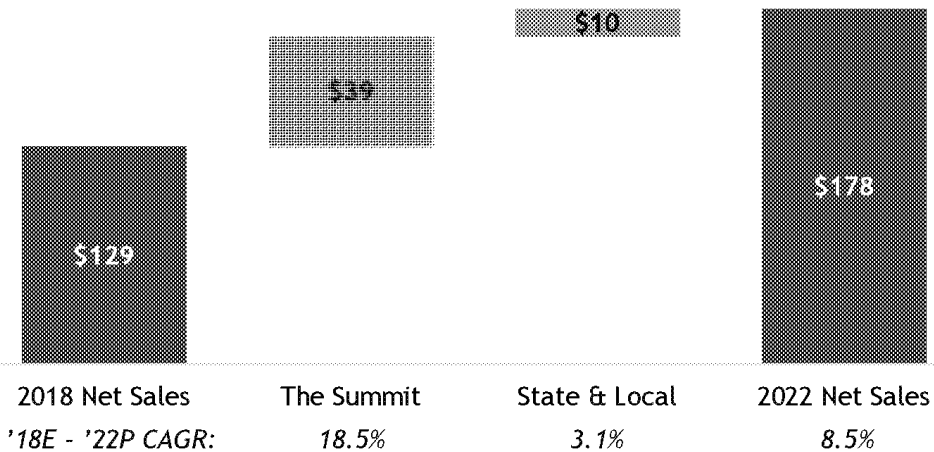
Note: Totals do not match sum of components due to Varsity Family Plan.

All Star Forecast Drivers



(\$Millions)

2018E - 2022P Net Sales Bridge



Major Growth Initiatives

- Introduction of D3 Summit competition at Disney in 2021P propels continued participation growth
- Drive even more participation at State & Local events to generate greater interest in year-end culmination events

2018E - 2022P EBITDA Bridge



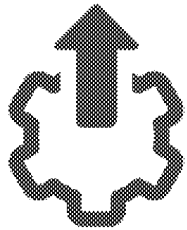
Key Assumptions

- Grow participants at the Summit
- No additional State & Local events
- EBITDA per participant at Disney competitions increases but percentage margins compress modestly due to step-up in contracted costs

Note: EBITDA impact of revenue growth calculated using GM less commission.

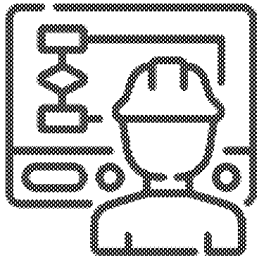
Overview of All Star Event

VARSITY BRANDS



Set-Up Process

- Venue selection and venue contracting (staging, trucking, A/V, flooring) typically happens one year prior to an event and is secured by our event planners and office managers
- For a Saturday/Sunday event, set-up typically begins on Thursday or Friday depending on size of event and number of halls
- Set-up staff typically consists of 1 or 2 directors (Varsity employees) and local labor
- Event Staff and Judges typically arrive on Friday and participant in a Friday night orientation and / or staff meeting



Event Staffing

- Five core positions per performance hall; positions typically filled by full-time Varsity Spirit staff
 - Competition Director, Arena Manager, Judging Director, Registration Director, and Warmup Room Director
- Outside labor includes: Announcer, Crowd Control, Team Escorts and Scoring Administrators
- Six - eight judges per hall; Judges are selected from a pool of Judges that are trained every Summer/early Fall by Varsity Spirit Judging Directors

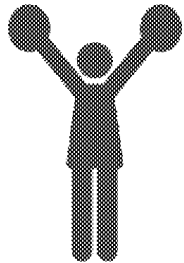


Logistics

- Production is handled by a combination of company owned equipment and external production companies
 - Annually we outline a circuit of events for the production rigs we own (similar to concert or theatrical lighting and sound), then fill in the gaps with external production companies.
- A second truck (52-foot trailer) is shipped to the event and contains awards, scoring equipment, flooring, tables, pipe-drape, and other administrative equipment

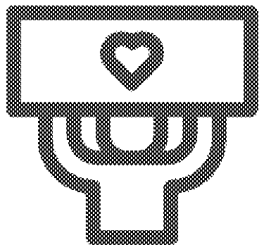
Overview of All Star Event

VARSITY BRANDS



Participants

- Teams register via the custom registration platform on SF.com
- Performance Orders are generated and downloaded out of SF.com
- Routines are 2:30 mins and teams perform once at our 1-day events and twice at our 2-day events
- Events are run on either a three or four minute spread
- Max capacity per day per hall is around 200 teams



Spectators

- Spectators are charged an admissions fee
- The majority of spectators are family members of the participants.



Merchandise

- At the largest events Varsity Spirit sells event merchandise via the Varsity Spirit Shop division of Varsity Spirit
 - Executed similar to a merchandise booth or store at a major sporting event or concert
- For smaller events, the Company uses external vendors and receives a percentage of sales
 - Our primary vendor is All Star Outfitters and Varsity Spirit receives 35%-37.5% of sales.

Cost Structure of an Event

VARSITY  **BRANDS**

Innovating All Star through The Summit

VARSITY BRANDS

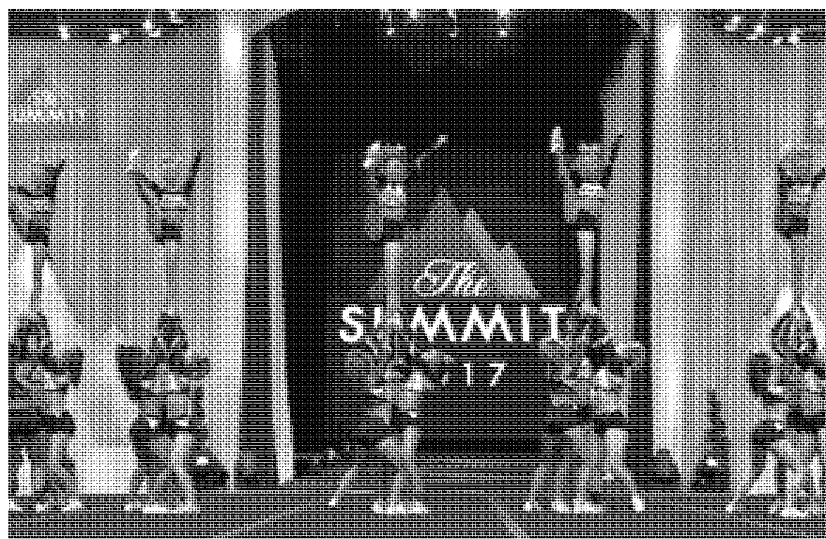
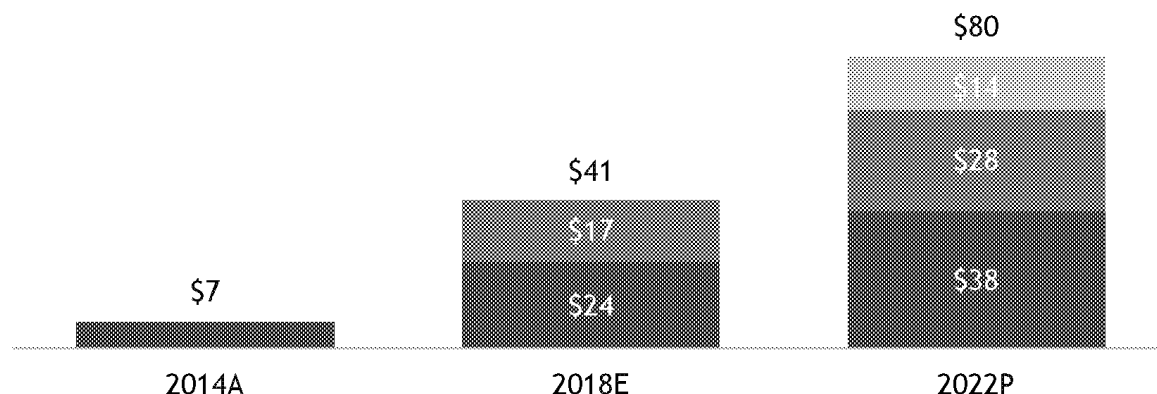
- To drive all star competition participation, we created The Summit, an end-of-season all star cheerleading grand finale at Disney
- Based on growing demand and customer feedback, we subsequently introduced the D2 Summit for gyms with 125 athletes or less
- Plan to further expand market with D3 Summit by 2021 based on expected future demand

The Summit Driving Revenue and Participation

(\$Millions)

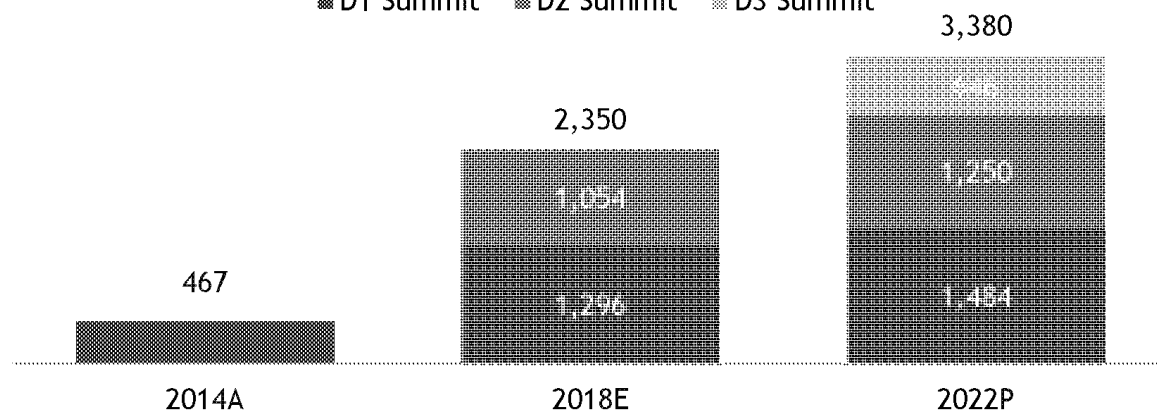
Net Revenue

■ D1 Summit ■ D2 Summit ■ D3 Summit



Participating Teams

■ D1 Summit ■ D2 Summit ■ D3 Summit



Note: Total participating teams assumes 17, 15 and 14 participants per team for D1, D2 and D3, respectively.



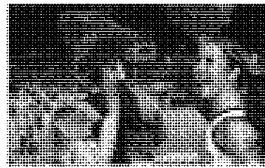
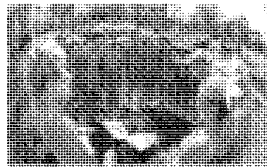
Segment Overview: School

School Overview

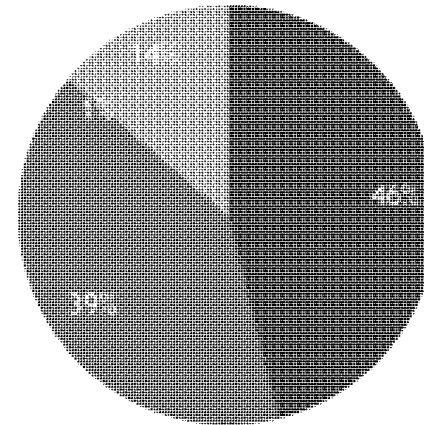
VARSITY BRANDS

Key Points

- Original Varsity Spirit business
 - Combines crowd leading with stunts, skills and entertainment
- Focus on school athletic teams
 - Teams participate in summer camps and typically participate in competitions
- Relationships with 19,000+ middle / high schools and 1,000+ college and university programs
 - Primary relationship with coach
- Apparel style is collegiate, athletic, with a strong focus on the school's brand



2018E School Sales Breakdown

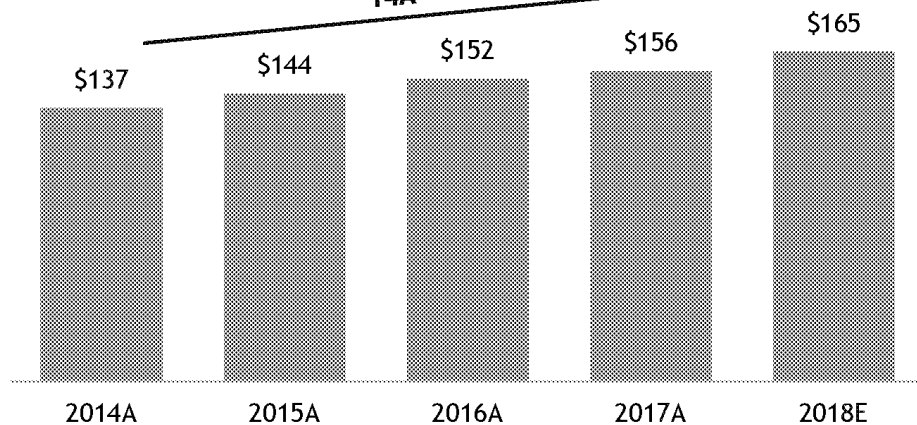


- Camps
- Competitions
- Sponsorship
- Other

School Net Sales

(\$Millions)

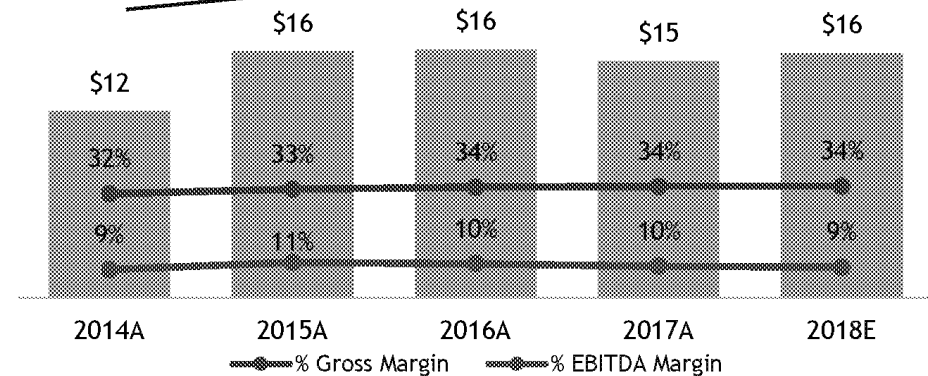
'14A - '18E CAGR: 5%



Segment EBITDA

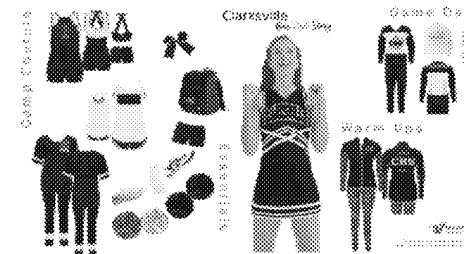
(\$Millions)

'14A - '18E CAGR: 7%



Varsity Spirit School Customer Journey

VARSITY BRANDS



FEBRUARY

Attend National HS Cheerleading Championship in Disney World

MARCH
Varsity Spirit rep consult for Camp and Apparel selection

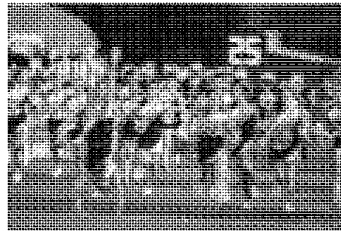
APRIL
Varsity Spirit rep fitting experience with team

MAY
Receive Apparel order

JUNE-AUGUST
Attend Camp

AUGUST
Rep consult for back-to-school Apparel

SEPTEMBER - JANUARY
Attend 1 - 3 local, state and regional Competitions



Source: Industry participant interviews.

(1) Represents the weighted average spend per cheerleader across school (non-competitive), school (competitive) and All Star.

Overview of Camps & Competitions

VARSITY BRANDS

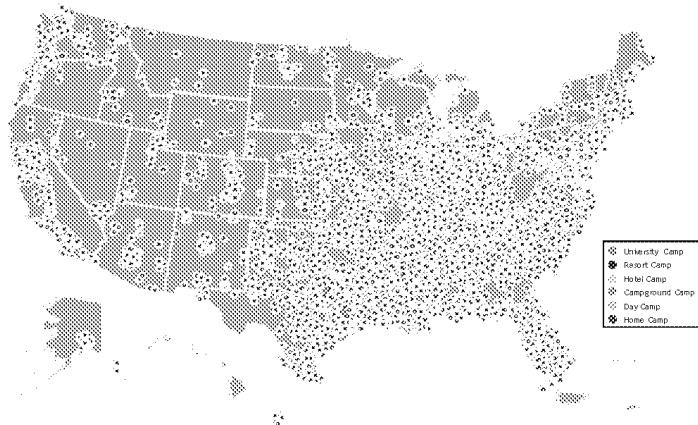
Camps

- Nationwide operator of cheer and dance instructional camps
 - Hosted 20K+ teams and 320K+ participants at more than 5,600+ camps across the U.S. in 2017
- Focus on game day training, safety & skills instruction, choreography and coaches training
- Team credentialing in leadership and safety, which is required to participate in national competitions
- Creates deep and unique bond with customers

Best Instructional Talent

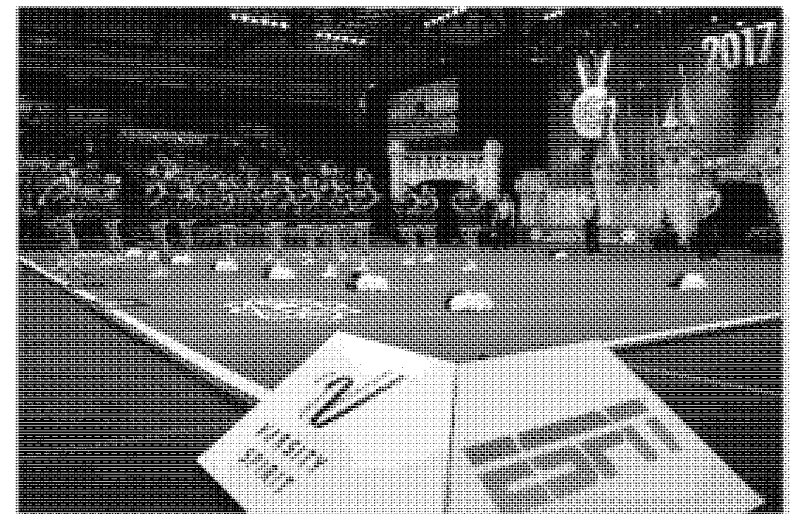
- Led by top instructors with formal, industry leading training
 - Instructors serve as valuable advocates who cross-sell Varsity Spirit products and services, including new apparel designs and branded shoes

Largest Footprint of Dance and Cheer Camps in U.S.



Competitions

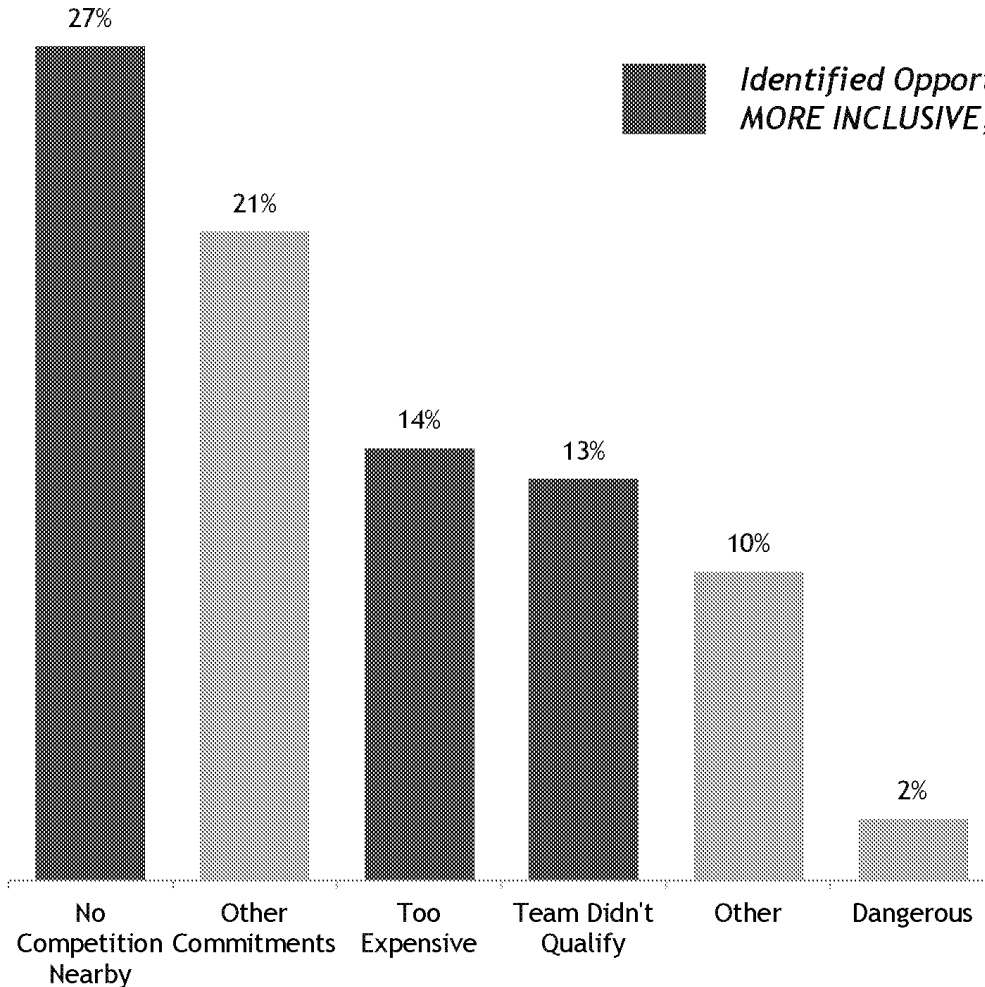
- Host over 220 local, regional, state and national competitions each year in the School market
 - School competitions are primarily focused on middle school, high school and college cheerleading and dance teams
- Key source of revenue, enables product marketing, increases customer loyalty and enhances brand awareness
- Season culminates with championships at Walt Disney World in Orlando, Florida
 - Nearly 35K total Disney participants within School annually; Varsity Spirit is Disney's largest customer
 - National championships are a key driver of Revenue and EBITDA for Varsity Spirit each year
- History of driving participation and revenue through introducing new competition events and formats



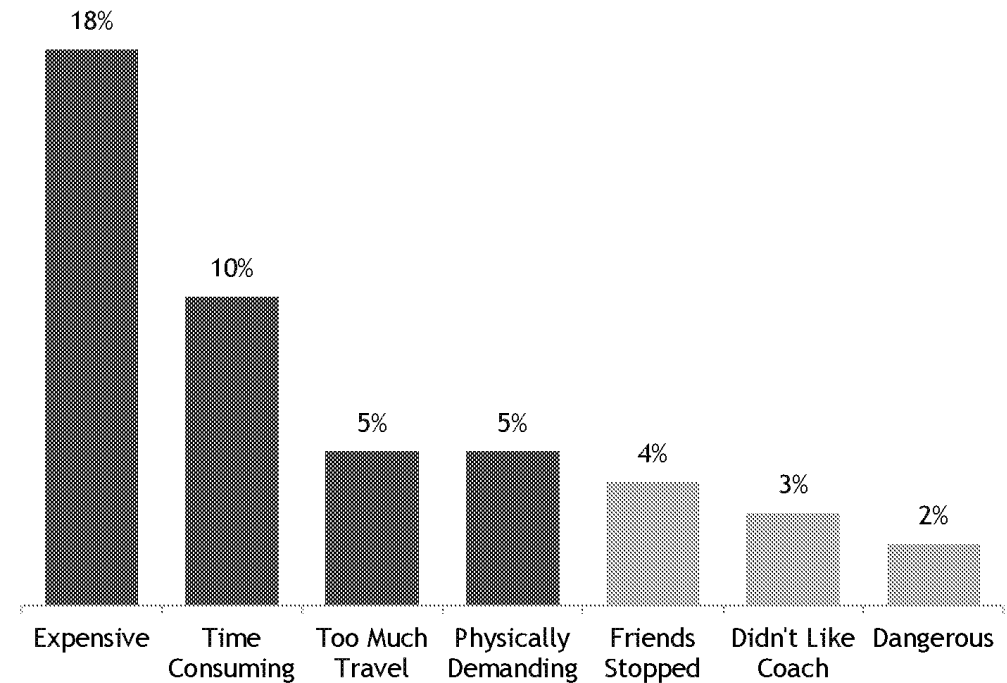
Game Day: Identifying the Need for Innovation

VARSITY BRANDS

Participants Not Competing Due to Site Distance, Expense and Difficulty of Competitions



All Stars Cite Cost, Time Commitment and Travel as Top Reasons for Quitting



Source: Third party consultant. Percentage values represent estimates.

Game Day Format is the Response

Game Day Expands Market and Increases Participation

VARSITY BRANDS

Why Create Game Day?

- Teams limited by technical ability, choreography and cost
- Identified opportunity to drive participation by de-emphasizing elite skills
- Created to redirect focus from the highly-choreographed existing competitive format to the sidelines
- Creates incremental participants
- Larger team sizes allow Varsity Spirit to leverage fixed costs at school events

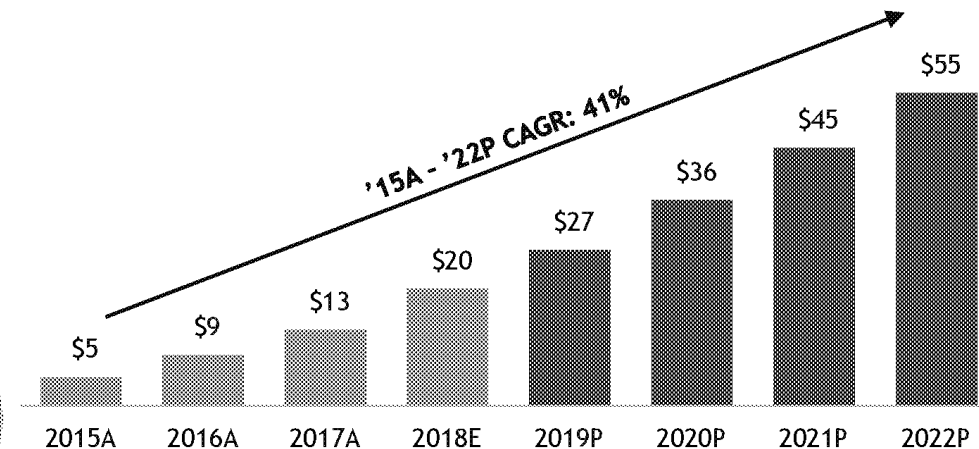
What is Game Day?

- Replicates sideline activities on the competition mat
- Combines elements of traditional cheer (fight song, timeout cheer, etc.) into an unpredictable, situation-based routine
- For school cheerleaders, Varsity's Game day format offers an easier competition alternative at a lower cost

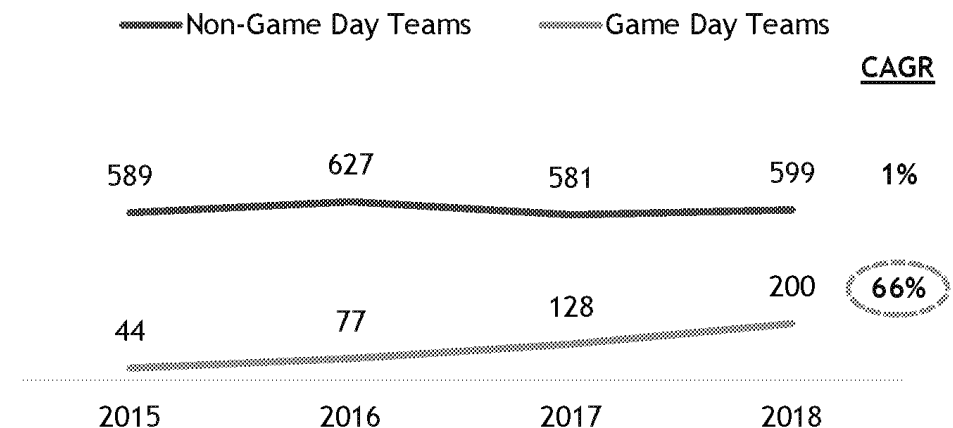
Delivering Results

Total Game Day Camps and Competitions Net Sales

(\$Millions)



Game Day Driving Growth at UCA Nationals



Game Day Creates High Margin Conversion Opportunities

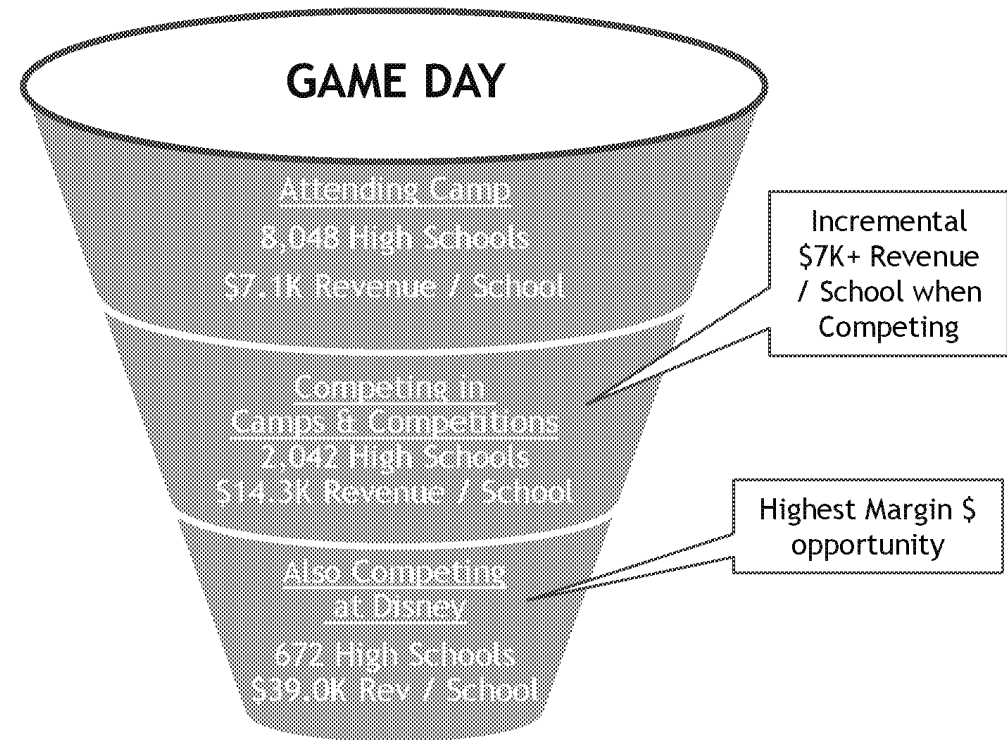


(\$Millions)

- Game Day is driving meaningful participation growth across camps and competitions
- Participants typically enter the Varsity Spirit ecosystem through apparel; camps are the gateway to events
- 100% of camps now operate under the Game Day format
- The attraction to the Game Day format increases attendees at camps, creating incremental conversion opportunities for state and local events and ultimately, Disney events
- Attractive embedded conversion opportunity as the Company converts camp participants to Disney competitors

Strategy to Feed the Top of the Participation Funnel...

- 1 Get teams to Camp to Train on Game Day Skills and qualify for competition
- 2 Compete in regional competition and qualify for nationals
- 3 End the season at Disney



Note: Totals may not add due to rounding.

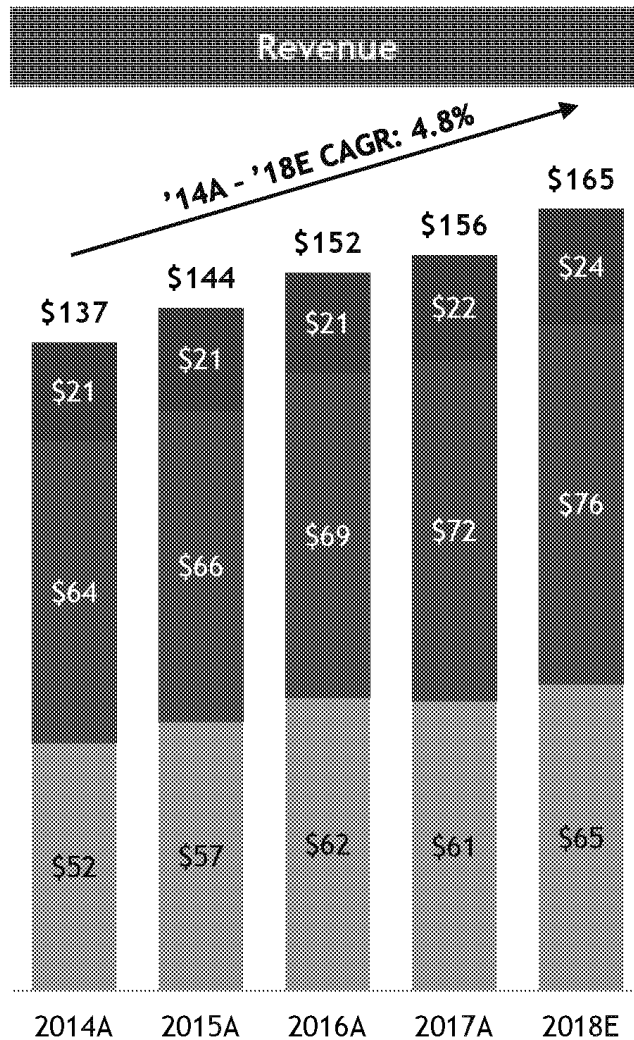
School Financial Trends

VARSITY BRANDS

(\$Millions)

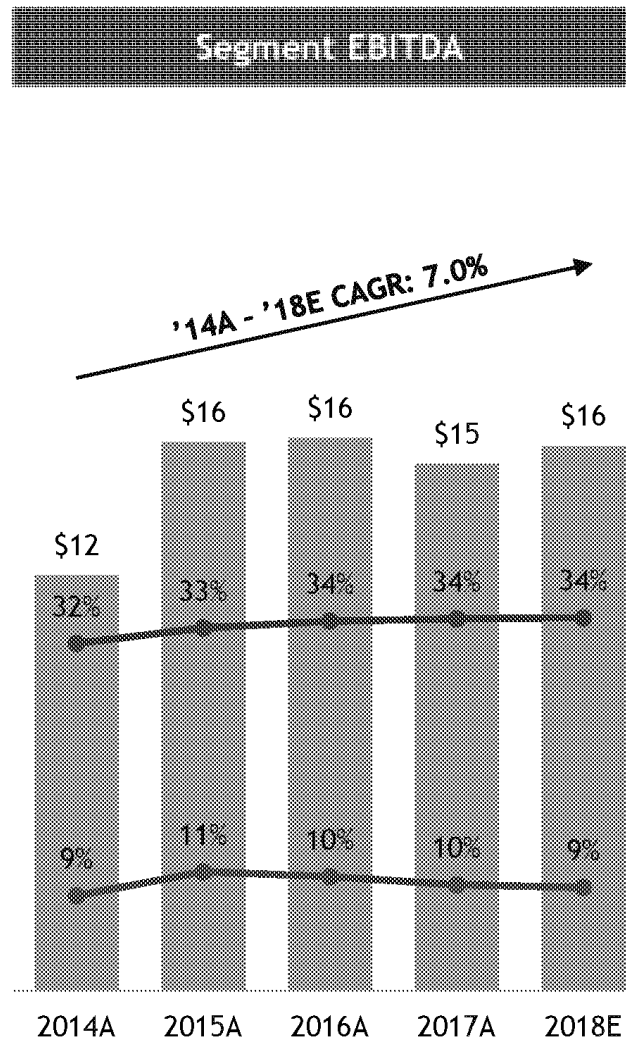
- The innovative Game Day curriculum and competition format is driving participation at camps and competitions

Revenue



■ Competitions ■ Camps ■ Other

Segment EBITDA



—●— % Gross Margin —●— % EBITDA Margin

MD&A

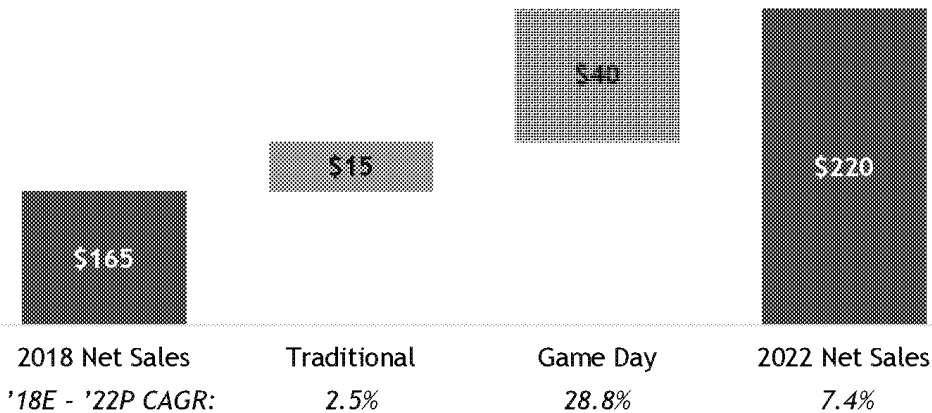
- Introduced innovative Game Day curriculum and competition format, which is driving participation at camps and competitions and a 4.8% Net Sales CAGR
- Broad-based participation growth at camps and competitions, including Game Day format, drove EBITDA CAGR of 7.0%
- Game Day adoption at camps and competitions leading to YoY Net Sales Growth in the School segment

School Forecast Drivers



(\$Millions)

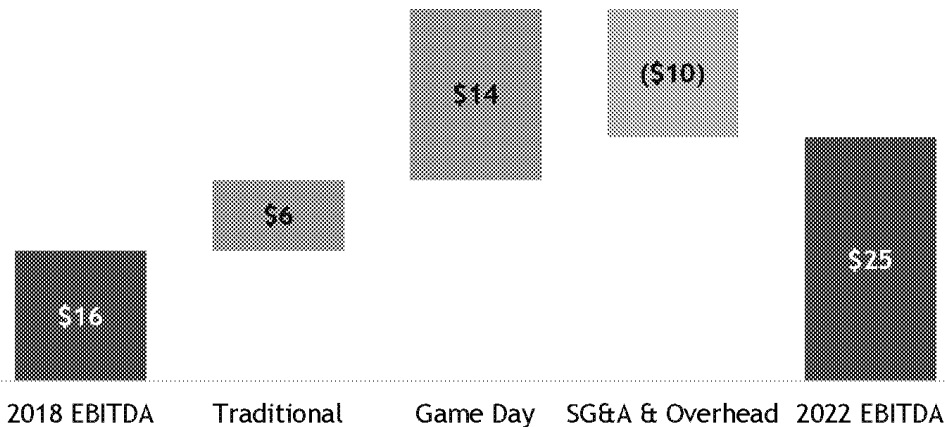
2018E - 2022P Net Sales Bridge



Major Growth Initiatives

- Continued expansion of Game Day format at competitions and events
- ~20 incremental State & Local events
- New strategy to grow Sponsorship & Licensing

2018E - 2022P EBITDA Bridge



Key Assumptions

- Rapid growth in participation at camps and competitions as a result of the draw of Game Day
- Continued phase-in of customer price increases at Disney competitions and events offset step-up in costs in Disney contract
- Tremendous growth of Game Day creates leverage on SG&A costs

Note: EBITDA impact of revenue growth calculated using GM less commission.



Band Opportunity

High School and College Band Opportunity

VARSITY BRANDS

Marching / Spirit Pep Band and Color Guard Are Directly Involved in School Spirit

Marching / Spirit Pep Band



- **Marching Band:** instrumental group of musicians that perform for school entertainment
- **Spirit Pep Band:** ensemble of instrumentalists who play at school functions or events to “pep” up the crowd
- Estimated 1,300,000 participants

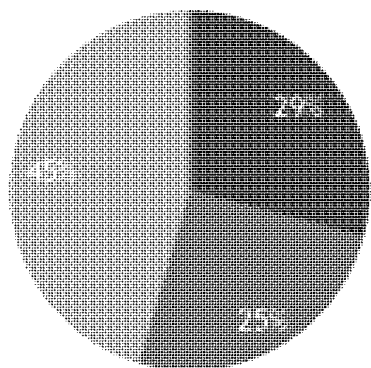
Color Guard



- Non-musical section of the marching band that provides visual aspects to performances
- Estimated 130,000 participants

Varsity Spirit is Well-Positioned to Address the Band Market as Part of the Game Day Experience

\$225 Million Total Addressable Market



■ Apparel ■ Competitions ■ Camps

Segment	Total Addressable Market
Apparel	\$66M
Competitions	\$57M
Camps	\$102M
Total	\$225M

Competitive Landscape

- **Apparel:**
 - Cyclical (schools purchase uniforms every 7-10 years)
 - Dominated by 5 key players who have been operating 45+ years
- **Competitions:**
 - School: Fully owned and operated by non-profits, which keeps prices low
 - Club: Similar to All Star cheer, organizations are non-profits running events for corporations nationally
- **Camps:**
 - Highly fragmented with universities and local high schools running 1 or 2 summer camps, mostly for individuals



Classification of Cheer as a Sport

Cheer Sport Classification Trends



- Classification of Cheer as a sport was a headwind in the '90s and '00s as more states classified Cheerleading as a sport
 - Restricted the competition windows during the season
 - In some states, limited team travel distance, adversely affecting camps & competitions
 - Regulated certain types of uniforms
- **2008:** US Department of Education Office for Civil Rights (OCR) stated it “has not recognized cheerleading or competitive cheer as a sport” and at the college level prohibited schools from counting Traditional Cheerleading on its federal Title IX reporting data forms
- **2010:** US Federal Judge ruled that Quinnipiac University violated Title IX when it allocated funding from its women’s volleyball team to support a competitive cheerleading squad, citing that cheerleading did not yet meet the criteria to be defined as a sport
- **2011:** Varsity Spirit introduced “STUNT”: a Title IX compliant version of cheerleading
 - Lead to a reversal of the trend in recent history and created a tailwind for the business

Why Classification Matters

VARSITY  **BRANDS**

- Classification of cheer as a sport leads to increased regulation that impacts overall cheer participation
 - Restricts seasons length including when practices begin and when coaches can interact with athletes
 - Limits travel across state lines
 - Prevents participation in a national championship event
 - Applies uniform specifications
- Sport classification also places too much emphasis on competition and draws away from primary purpose which is to engage the school community and elevate the student experience

Camps

- Sport designation may hinder coaches from interacting with athletes in summer
- Have to wait until formal season begins

Competitions

- Season duration may be limited to specific time windows
- Athletes may not be permitted to travel out of state for national championship events

Apparel

- Guidelines may restrict uniform designs and features

Varsity Spirit works closely with the NFHS and State Associations to ensure cheer is classified as an activity to promote participation and align to mission of elevating student experience

Key Selling Points

- Increased participation and opportunity for their students to engage locally at their school (this is always first)
- SAFETY of those in the activity
- Renewed focus on the roles of spirit in school and how cheer and dance can engage the community and elevate the student experience

Classification of Cheer as a Sport

Deregulation Creating Tailwinds

VARSITY BRANDS

(\$Millions)



Current Environment				
Regulation Status	Number of States	2016 Population	2017 HS Only Sales	Sales per Person
Favorable	41	250.5	\$163.6	\$0.65
Less Favorable	10	72.6	30.1	0.41
Total	51	323.1	\$193.7	\$0.60

- Trends of states becoming more favorable environments for Varsity Spirit will continue
- 6 of the 10 Less Favorable states are considering relaxing regulations around cheer
 - GA, NM, NY, SC, VA, and WV
- Varsity Spirit is actively engaging with the remaining 4 states to foster regulatory changes
 - IL, MI, NE, and VT
- Rhode Island recently reversed classification of cheerleading as a sport

Case Study: State Conversion Opportunity

Less Favorable to Favorable Regulation

Less Favorable Population	72.6
Favorable \$ per Person	\$0.65
Implied Sales	\$47.4
Less Favorable Sales	30.1
Total Opportunity	\$17.4

Source: 2016 Census Data.

Case Study: Rhode Island

VARSITY  **BRANDS**

Strategic Partnerships with State Associations

VARSITY BRANDS

The National Federation of State High School Associations (NFHS)

- Since 1920, NFHS has led the development of education-based interscholastic sports and activities that help students succeed in their lives
- The NFHS, from its offices in Indianapolis, Indiana, serves its 50 member state high school athletic/activity associations, plus the District of Columbia
- The NFHS publishes playing rules in 16 sports for boys and girls competition and administers fine arts programs in speech, theater, debate and music. It provides a variety of program initiatives that reach the 18,500 high schools and over 11 million students involved in athletic and activity programs

The Varsity Spirit Partnership

- Varsity Spirit works closely with NFHS to ensure regulations and positioning around cheer with member state associations are aimed to increase participation and drive student experience
 - Influence regulations around cheer so they drive participation
 - Provide appropriate education and messaging to States about the activity of cheer (e.g. Title IX status and safety results)
 - Launch and drive new initiatives at the state level (e.g. Game Day camps and competitions)

Other State Associations

- State associations are entities of accredited member schools in a given state whose purpose is to administer a program of interscholastic activities, festivals, clinics and contests among member schools
- State associations offers state championships in boys and girls' sports, and additional championships in music activities, debate, speech, cheerleading, dance, etc.
- Of particular importance are efforts to elevate standards of good sportsmanship and to encourage growth of good citizenship among students and spectators
- State associations require coaches education in most states

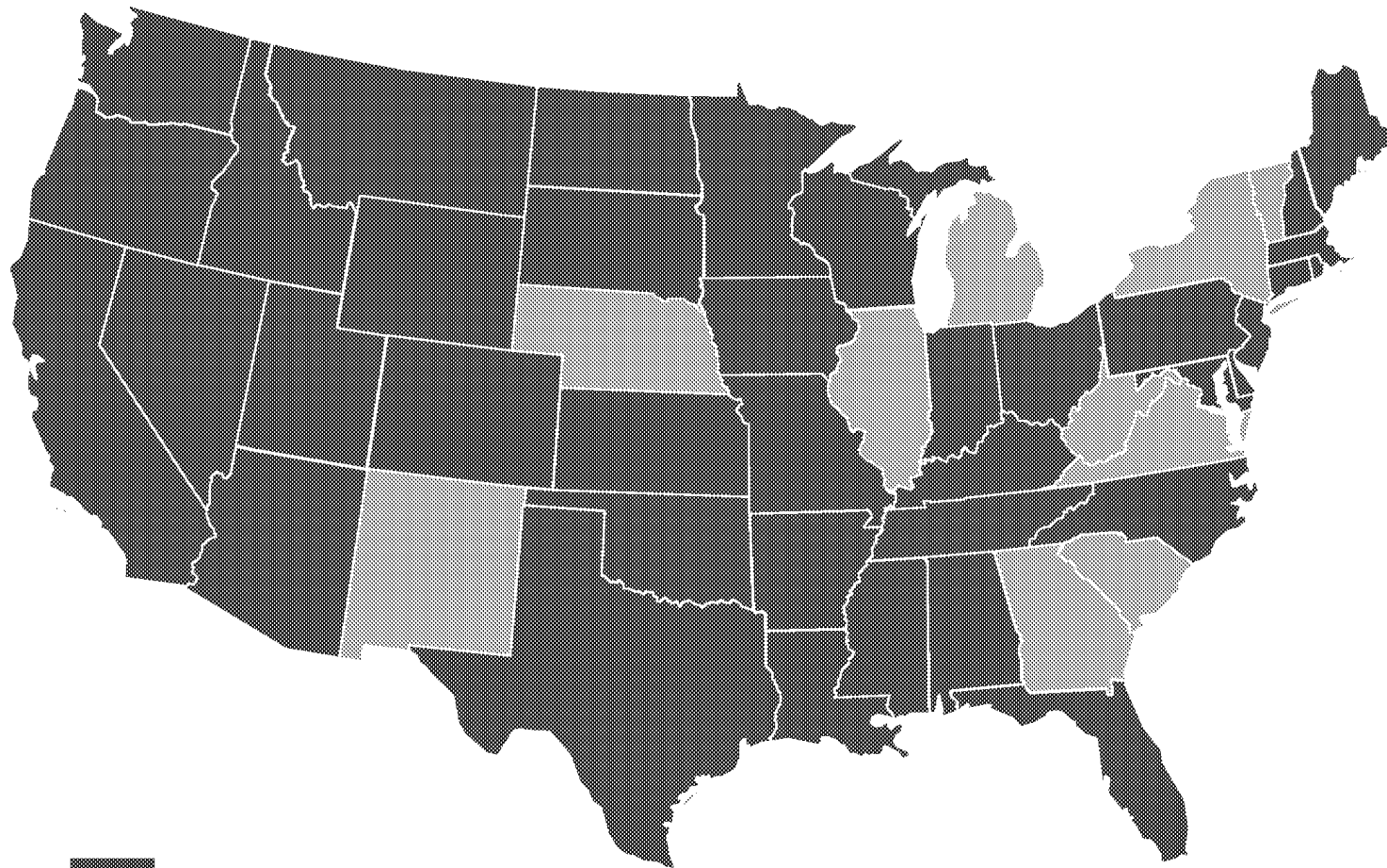
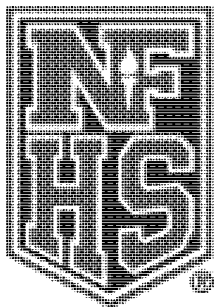
The Varsity Spirit Partnership

- Varsity Spirit works closely with state associations to ensure regulations around cheer are intended to drive participation and elevate student experiences (similar to NFHS goals)
- In addition, Varsity Spirit actively at the state level to activate cheer and dance initiatives, including:
 - Providing coaches education and credentialing
 - Offering turnkey solutions to market and run events including state championships

Strategic Partnerships with State Associations

VARSITY BRANDS

National
Federation of
State High School
Associations



Strong Relationships



Disney Partnership Overview

Disney Relationship Overview



- Varsity Spirit has conducted championships and special events at Walt Disney World Resort for 23 years
- Powerful, mutually beneficial relationship; Varsity Spirit spent approximately \$50.1 million at Disney in 2017
- Disney has recently completed the construction of a new 150,000 square foot state-of-the-art facility featuring four performance venues with seating capacity for 8,000
 - New building will increase total number of performance venues to six at ESPN Wide World of Sports Complex

1995	Today
12.8K Total Attendees in 1995	87.5K Estimated Total Attendees in 2018
3 National Championships	6 National Championships
1 Parade	2 Parades and One Citrus Event



Key Terms Under New Contract



Key Driver	Current Contract (2015-2019)	New Contract (2020-2037)
1. Venue - ESPN Wide World of Sports Complex	<ul style="list-style-type: none"> 3 venues (additional 2 tents were added due to event growth) 	<ul style="list-style-type: none"> 6 venues, including 4 in the new Arena building that Disney has constructed (opening ceremony Jan., 12, 2018)
2. Cost of Venue Equipment	<ul style="list-style-type: none"> Shared 50/50 between Varsity Spirit and Disney for bleachers, projection screens 	<ul style="list-style-type: none"> Disney to cover 100% of cost in all venues (bleachers, screens)
3. Sports Complex Premium Admission	<ul style="list-style-type: none"> Varsity Spirit sets price of admission at their discretion (Box Office price) Disney receives \$13.00 of ticket price 	<ul style="list-style-type: none"> Varsity Spirit will continue to set price of admission at their discretion Disney receives \$15.50 of the ticket price and limited to a maximum annual increase of 3%
4. Discount on Disney Entrance Ticket (aka Park Hopper)	<ul style="list-style-type: none"> approximately 65% discount off Disney gate price 	<ul style="list-style-type: none"> 50% discount off Disney gate prices with no more than 5% annual increase with a "Readjustment" option in 2025 and every 3 years beginning 2028
5. Discount on Hotel Room Rate for Varsity Spirit	<ul style="list-style-type: none"> 5% below rack rate 	<ul style="list-style-type: none"> 5% below rack rate
6. Varsity Spirit Total Athlete Count of 85,000 by 2024 and maintain annually there after	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> 40,000 participants from 2020 - 2023 85,000 from 2024 - 2037 Our current projection is to reach a total participation of 87.5K in 2018

Athlete Growth

VARSITY BRANDS

Total Participants	2014A	2018E	CAGR (%)	2018E	2022E	CAGR (%)
Disney Traditional	30.2	34.3	3.3%	34.3	41.0	4.6%
Disney Summit	9.7	38.7	41.5%	38.7	55.0	9.2%
Wolds	14.0	14.5	0.9%	14.5	15.7	2.0%
Total	53.8	87.5	12.9%	87.5	111.8	6.3%

- Growth in the National High School Cheerleading Championship (NHSCC) and the National Dance Team Championship (NDTC) is driving growth in the Disney Traditional competitions:
 - NHSCC projected CAGR growth of 8.5% from 2018 - 2022
 - NDTC projected growth of 5.1% from 2018 - 2022
- Growth in the D2 Summit and the addition of a new division titled D3 Summit in 2021 is driving growth:
 - D2 Summit projected to CAGR growth of 5% from 2018 - 2022
 - D3 Summit division to add 9.5 athletes by Year 2022
- Based on the current projections of 87.5K athletes by 2018, we are well positioned to beat Disney contractual requirement of 85K athletes by 2024

Historical Financial Performance



	Fiscal Year Ending									CAGR (%)	
	2014A	2015A	2016A	2017A	2018E	2019E	2020E	2021E	2022E	'14A - '18E	'18E - '22E
Total (\$ Millions)											
Revenue	\$34.0	\$40.3	\$47.8	\$65.9	\$77.3	\$89.5	\$105.1	\$121.1	\$138.4	22.8%	15.7%
Gross Margin	\$8.4	\$10.7	\$13.5	\$19.6	\$22.6	\$26.1	\$25.5	\$31.5	\$38.0	28.3%	13.8%
Margin (%)	24.6%	26.5%	28.3%	29.8%	29.3%	29.2%	24.3%	26.0%	27.4%		
EBITDA	\$6.8	\$8.7	\$11.6	\$16.6	\$19.5	\$22.7	\$21.8	\$27.3	\$33.4	30.1%	14.5%
Margin (%)	20.0%	21.6%	24.2%	25.2%	25.2%	25.4%	20.7%	22.6%	24.2%		
Per / Participant (\$ Actual)											
Revenue	\$541.4	\$567.3	\$596.4	\$609.7	\$631.7	\$675.2	\$754.4	\$798.4	\$843.7	3.9%	7.5%
Gross Margin	\$133.0	\$150.5	\$168.9	\$181.8	\$184.9	\$197.3	\$183.4	\$207.5	\$231.5	8.6%	5.8%
Margin (%)	24.6%	26.5%	28.3%	29.8%	29.3%	29.2%	24.3%	26.0%	27.4%		
EBITDA	\$108.1	\$122.6	\$144.3	\$153.4	\$159.0	\$171.3	\$156.4	\$180.3	\$204.0	10.1%	6.4%
Margin (%)	20.0%	21.6%	24.2%	25.2%	25.2%	25.4%	20.7%	22.6%	24.2%		

- Solid Revenue and EBITDA CAGR growth from 2014A - 2018E driven by growth in volume (attendees) and price
- Strong Gross margin and EBITDA growth from 2018E - 2022E despite the impact of the “Buy-Out” in 2018 and increase in “Disney Entrance Ticket Price” in 2019 (both contractual)
- The 2019 “Buy-Out” average cost increase of ~\$30.6 per attendee is being fully offset by price increase of ~\$40.3 or 6.4% to customers with minimal impact to Gross Margin
- The 2020 “Disney Entrance Ticket Price” average cost increase of ~\$92.70 per attendee is being more than partially offset by price increase of ~\$66.90 or 9.9% to customers impacting Gross Margin
- Over the 5 year period starting 2018 - 2022, all cost increases will be fully offset by price increases with an EBITDA margin in 2022 of 24.2% to get back closer to 2018E levels

School Disney Competition Cost Analysis

Varsity Spirit Costs are a Small Piece of Total Attendee Costs

VARSITY BRANDS

2018 Price and Cost Structure

Traditional Disney Competition Per Attendee Cost Analysis	4 Night Travel Package
	Quad Room
Varsity Spirit Cost and Mark-Up:	
Hotel Cost	112.87
Bus	15.50
4 Day Disney Ticket	165.76
1 Meal Voucher	16.00
Celebration Party	7.00
Total Cost to Varsity Spirit	317.13
Mark-Up	273.87
Participant Price	591.00
Margin %	46.3%
Participant Cost:	
Travel (assumed air travel)	600.0
Meals (14 meals @ \$20/meal)	280.0
Local Transportation	100.0
Disney Souvenirs	200.0
Varsity Spirit Package	591.0
Total Cost	1,771.0
Varsity Spirit Package Cost %	33.4%

2019 Price and Cost Structure

Traditional Disney Competition Per Attendee Cost Analysis	4 Night Travel Package
	Quad Room
Varsity Spirit Cost and Mark-Up:	
Hotel Cost	156.36
Bus	16.50
4 Day Disney Ticket	173.30
1 Meal Voucher	17.00
Celebration Party	8.00
Total Cost to Varsity Spirit	371.16
Mark-Up	254.84
Participant Price	626.00
Margin %	40.7%
Participant Cost:	
Travel (assumed air travel)	600.0
Meals (14 meals @ \$20/meal)	280.0
Local Transportation	100.0
Disney Souvenirs	200.0
Varsity Spirit Package	626.0
Total Cost	1,806.0
Varsity Spirit Package Cost %	34.7%

2020 Price and Cost Structure

Traditional Disney Competition Per Attendee Cost Analysis	4 Night Travel Package
	Quad Room
Varsity Spirit Cost and Mark-Up:	
Hotel Cost	164.18
Bus	17.50
4 Day Disney Ticket	230.74
1 Meal Voucher	17.50
Celebration Party	8.00
Total Cost to Varsity Spirit	437.92
Mark-Up	238.08
Participant Price	676.00
Margin %	35.2%
Participant Cost:	
Travel (assumed air travel)	600.0
Meals (14 meals @ \$20/meal)	280.0
Local Transportation	100.0
Disney Souvenirs	200.0
Varsity Spirit Package	676.0
Total Cost	1,856.0
Varsity Spirit Package Cost %	36.4%

- Competition Cost analysis assumes a four night travel package and quad room (most popular option)
- On average Varsity Spirit Package cost to attendees is in the 33.4% - 36.4% range, and not a significant portion of their total spend
- Varsity Spirit is well positioned to offer its customers a great experience and not deter participation at Disney
- By maintaining a balance between price and cost, Varsity Spirit has been successful in increasing competition attendance year over year

All Star Disney Competition Cost Analysis

VARSITY BRANDS

All Star Disney Competition Per Attendee Cost Analysis	4 Night Travel Package	All Star Disney Competition Per Attendee Cost Analysis	4 Night Travel Package	All Star Disney Competition Per Attendee Cost Analysis	4 Night Travel Package
	Quad Room		Quad Room		Quad Room
Varsity Spirit Cost and Mark-Up:		Varsity Spirit Cost and Mark-Up:		Varsity Spirit Cost and Mark-Up:	
Hotel Cost	155.70	Hotel Cost	187.22	Hotel Cost	206.30
Bus	23.00	Bus	23.00	Bus	23.00
4 Day Disney Ticket	165.76	4 Day Disney Ticket	173.30	4 Day Disney Ticket	230.74
Celebration Party	10.00	Celebration Party	10.00	Celebration Party	10.00
Total Cost to Varsity Spirit	354.46	Total Cost to Varsity Spirit	393.52	Total Cost to Varsity Spirit	470.05
Mark-Up	249.54	Mark-Up	240.48	Mark-Up	223.95
Participant Price	604.00	Participant Price	634.00	Participant Price	694.00
Margin %	41.3%	Margin %	37.9%	Margin %	32.3%
Participant Cost:		Participant Cost:		Participant Cost:	
Travel (assumed air travel)	600.0	Travel (assumed air travel)	600.0	Travel (assumed air travel)	600.0
Meals (14 meals @ \$20/meal)	280.0	Meals (14 meals @ \$20/meal)	280.0	Meals (14 meals @ \$20/meal)	280.0
Local Transportation	100.0	Local Transportation	100.0	Local Transportation	100.0
Disney Souvenirs	200.0	Disney Souvenirs	200.0	Disney Souvenirs	200.0
Varsity Spirit Package	604.0	Varsity Spirit Package	634.0	Varsity Spirit Package	694.0
Total Cost	1,784.0	Total Cost	1,814.0	Total Cost	1,874.0
Varsity Spirit Package Cost %	33.9%	Varsity Spirit Package Cost %	35.0%	Varsity Spirit Package Cost %	37.0%

- Competition Cost analysis assumes a four night travel package and quad room (most popular option)
- On average Varsity Spirit Package cost to attendees is in the 33.9% - 37.0% range, and not a significant portion of their total spend
- Varsity Spirit is well positioned to offer its customers a great experience and not deter participation at Disney
- By maintaining a balance between Price and Cost, Varsity Spirit has been successful in increasing competition attendance year over year

Power of Partnership



- This partnership aligns Varsity Spirit with one of the most powerful brands in the world
 - ✓ Disney continually ranks as a top 10 brand
 - ✓ Disney ranks number one for family entertainment
 - ✓ Disney is constructing the first venue uniquely designed for cheerleaders
 - ✓ Disney's strong influence in international markets will help grow Varsity Spirit's international championships
 - ✓ Potential events for Varsity Spirit in Disney parks around the world
 - ✓ Commitment from Disney to partner with Varsity Spirit in creating future events in sports and entertainment
 - ✓ Partnership with three industry leaders - Varsity Spirit, ESPN and Disney



M&A Strategy

M&A History and Strategic Rationale



(\$Millions)

- Successfully closed [eight] deals in the last three years focused on All-Star event provider market as part of broader strategy to grow market share, leverage synergies across events and rapidly grow year-end Varsity Spirit events
- Strategic Rationale:
 - Entering new geographic area
 - Acquiring strategic events (i.e. World Bid events)
 - Reaching different customer segment (i.e. value customers)
- Primarily focused on the US market but three deals (JAM Brands, ATC Skillz Camps, and Sea 2 Sky) included events in the Canadian market, creating a platform for growth
- Highly strategic JAM Brands deal (largest competitor in All-Star market) represents the largest M&A transaction over this time period
 - In-line with broader strategy to (i) consolidate event footprint around most profitable events; (ii) reduce escalating production capabilities; and (iii) systematically reduce loyalty program benefits

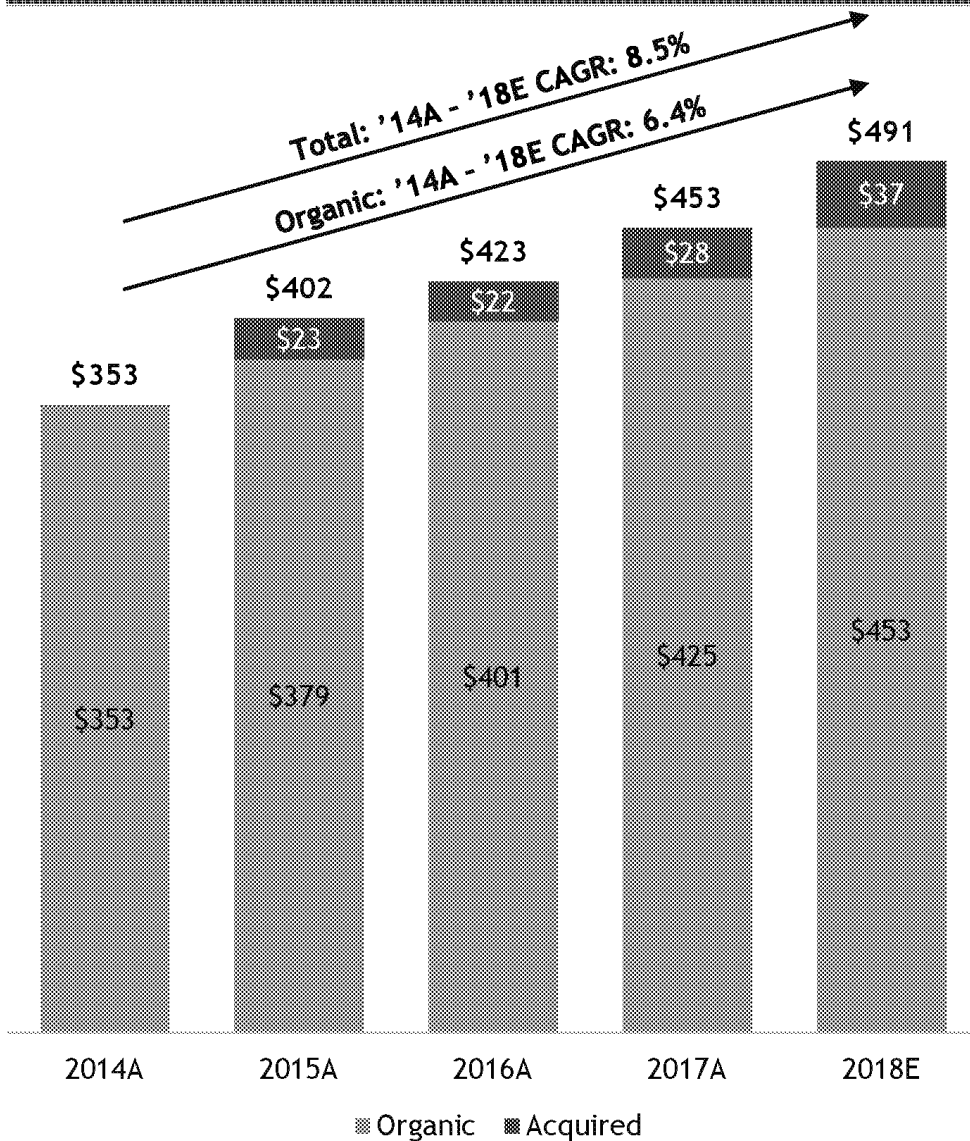
Acquisition Date	Company	Geography	Purchase Price	LTM Revenue	LTM EBITDA	LTM Multiple
06/20/2014	Cheer LTD	Southeast US	\$0.0	\$1.0	(\$0.2)	0.0x
11/02/2015	JAM Brands	US	\$34.9	\$19.3	\$4.4	8.0x
12/15/2016	Aloha Spirit Productions	Western US	\$3.8	\$3.0	\$0.8	4.9x
02/28/2017	Spirit Celebration	South US	\$2.5	\$2.2	\$0.5	5.5x
04/21/2017	ATC Skillz Camps	Western US & Canada	\$0.3	\$1.2	\$0.1	3.1x
11/15/2017	Team Champion	Midwest US	\$1.5	\$1.9	\$0.2	6.5x
12/01/2017	Mardi Gras Nationals	Southeast US	\$0.9	\$0.9	\$0.2	5.1x
12/21/2017	Sea 2 Sky	Western Canada	\$1.0	\$0.3	\$0.2	6.0x
01/19/2018	EPIC Spirit	Mid-Atlantic US	\$14.9	\$7.9	\$2.1	7.2x

Historical Financials: Organic vs. Acquired

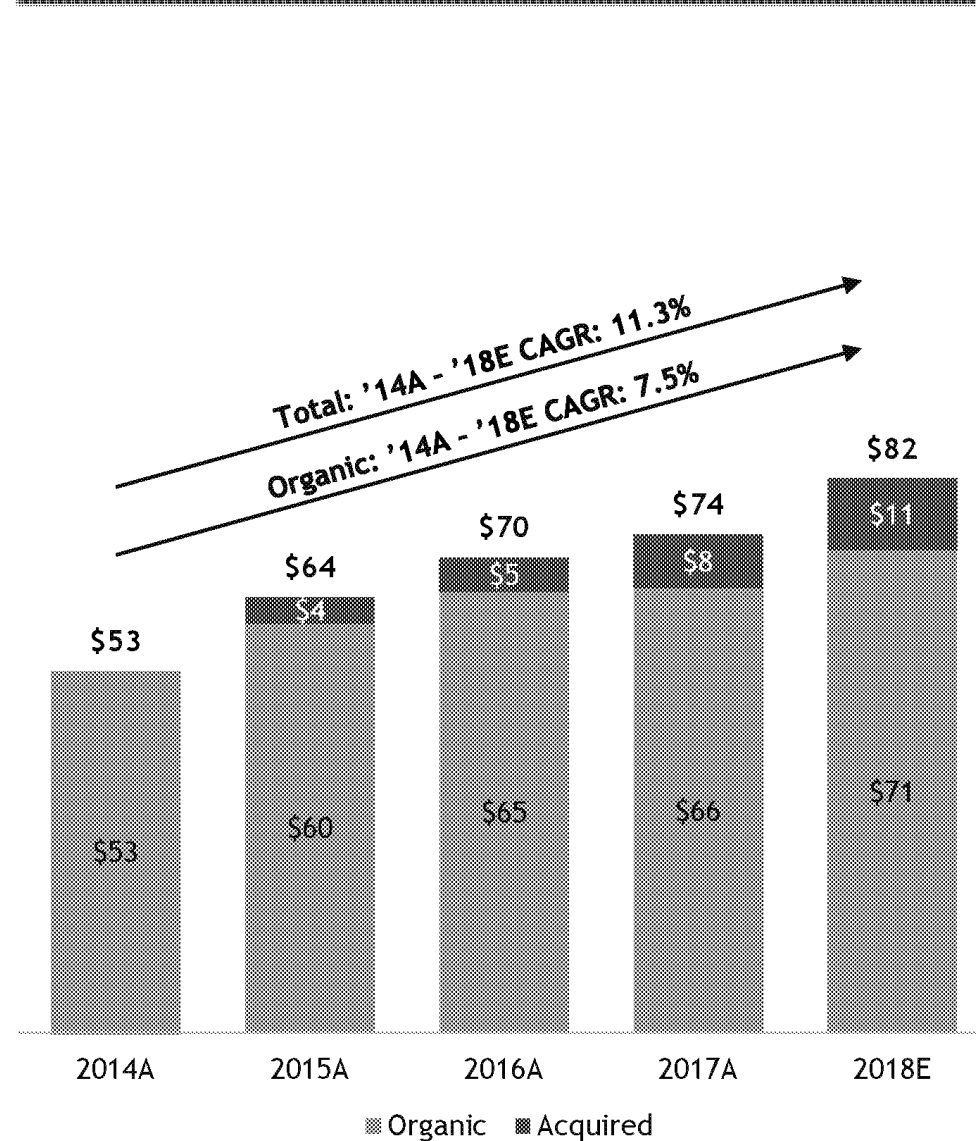


(\$Millions)

Organic vs. Acquired Revenue



Organic vs. Acquired EBITDA



Future Varsity Spirit M&A Strategy



- Significant opportunity to continue to execute a successful M&A strategy
- Identifiable, highly actionable M&A pipeline
- Going forward Varsity Spirit M&A Strategy will focus on the following three areas:
 - ① Domestic Core Cheer Apparel & Competitions Business
 - ② Near-Term Opportunity
 - Dance
 - Band
 - International
 - ③ Other Adjacencies
 - Club Lacrosse
 - E-Sports
- All projected M&A activity represents opportunities incremental to the forecast

Domestic Core Business

1

VARSITY BRANDS

- Continue to diligence domestic opportunities to benefit the apparel, camps, and competitions businesses
- Key focus areas include apparel players with the ability to round out the current product offering and event providers in the youth / recreational event space that will provide a future growth platform

Domestic Core Pipeline

Target Company	Segment	Business	Geography	Revenue
GK Elite / Omni	All Star / School	Apparel	National	\$60
Rebel	All Star	Apparel	National	\$15
Team Leader	School	Apparel	South	\$10
Motionwear	School	Apparel	National	\$10
Cheerleading.com	School	Apparel	South	\$5
Nfinity	All Star	Shoes & Accessories	National	\$12
JAMZ	All Star / Rec	Events	West	\$4
WSA	All Star	Events	Southeast	\$2
GMCE	All Star	Event	OH / IN	\$1
Champion Cheerleading	School	Camps	MI	\$1
B2	School	Camps	AR	\$1
Home Team Marketing	All Star / School	Sponsorship	National	\$10

Note: Financial information represent management estimates.

Near-Term Opportunity: Dance

2

VARSITY  BRANDS

Near-Term Opportunity: Band

2

VARSITY  BRANDS

Redacted

Near-Term Opportunity: International

2

VARSITY BRANDS

- Varsity Spirit has built deep relationships in the international cheer and dance community over the last twenty years and are exploring partnership discussions with key players in target markets such as Canada, UK and Australia
- Limited established, large players internationally as the sport is still in a growth stage
 - Highest profile companies are focused on the All Star event market which is primarily driven by popularity of the World Championship and the Summit events

International Core Pipeline

Target Company	Segment	Business	Geography	Revenue
Total Swag	All Star	Apparel	Canada	\$2
Total Spirit	All Star	Apparel	Canada	\$1
Cheer Evolution	All Star	Events	Canada	\$2
Australian All Star Cheer Fed.	All Star	Events	Australia	\$3
Future Cheer	All Star	Events	UK	\$2
Spring Tumbling	All Star	Choreography	EU / AUS / CND	\$2

Note: Financial information represent management estimates.

Other Adjacencies: Club Lacrosse

3

VARSITY // BRANDS

Redacted

Near-Term Opportunity: E-Sports

3

VARSITY  **BRANDS**



Varsity Spirit is the #1 Digital Resource for Cheer and Dance

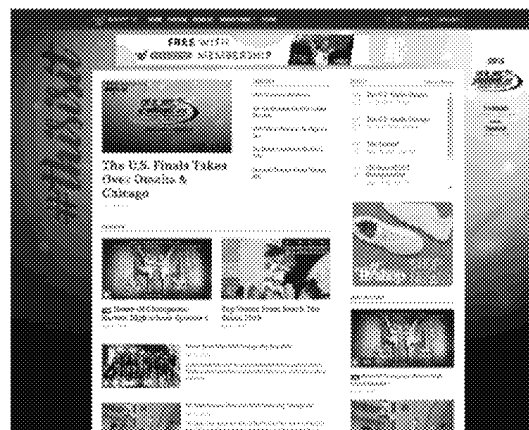
VARSITY BRANDS

Varsity.com



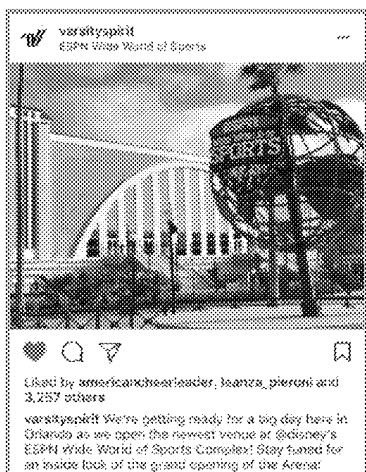
- Online destination for spirit news, entertainment, products & services
- myVarsity customer portal allows 1-stop access to account information
- Online registration for camps & competitions
- New website launched this Spring

Varsity TV on Varsity.com



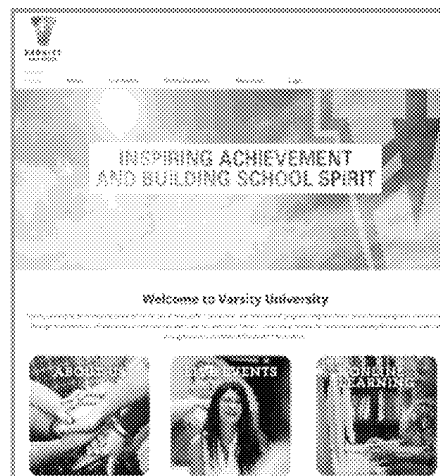
- White-label video platform for cheer and dance content through partnership with FloSports
 - Subscription model (annual & monthly options)
 - 40 events live streamed annually & 20 documentary features

Social Media



- Facebook, Twitter, Instagram, YouTube and Snapchat
- Constant interaction with athletes, parents and coaches
- Focused on relationship building and content marketing
- 1.5 million Facebook fans
- 500K Instagram followers

Varsity University



- Online educational platform as well as live conferences
- VU emphasizes safety, skills instruction and leadership
- Co-branded Coaches Education Program with the National Federation of State High School Associations (NFHS) launching Spring 2018

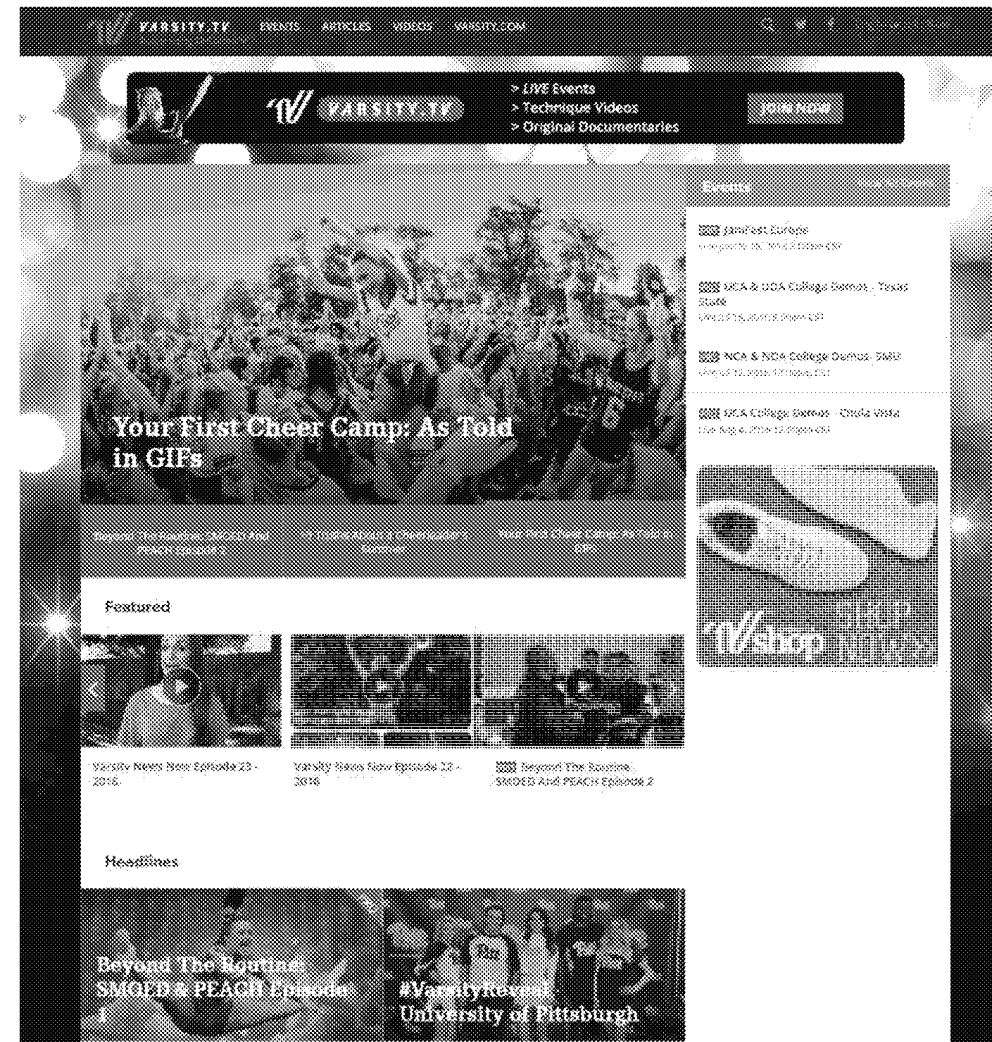
Varsity TV

VARSITY BRANDS

- Expanded Varsity TV in 2016 and built a year-round subscription model through a partnership with FloSports (sports media company out of Austin, TX with 23 unique sports video channels)
- FloSports employs a full production team focused on generating content and subscriptions that has accelerated the growth of our digital assets
- Creates opportunity to reach more customers:
 - Live stream more events and venues at a lower cost
 - Create more content, as well as original documentaries on teams across the country
 - Engage subscribers on a weekly basis

Platform Summary

- White-label website maintains look and feel of Varsity.com
- Live streaming of 40 events across the country
- FloFilms department creates original documentary-series
 - 18 guaranteed FloFilms episodes at FloSports' expense
- Mix of free and paid content
- Monthly and annual subscription-based model (\$29.99 and \$149.99, respectively)
- Initial goal: 5,000 subscribers total



Early Success: Varsity TV Subscribers



- The platform has gained traction with athletes since inception

2016

2017

2018

- Season Peak: **12,000** subscribers
- End of 2016: **5,000** subscribers
- Season Peak: **19,000** subscribers
- End of 2017: **8,000** subscribers
- Season Peak: **24,000** subscribers (as of February 2018)

Key Contract Terms

- Agreement in September 2016 (through 2024)
- Varsity TV will offer subscription based model with monthly and annual options
- Varsity to receive 20% of net subscription revenue with initial guaranteed revenue of \$1.1M from 2016-2020
- Varsity to receive 100% of Varsity sold advertising and 50% of FloSports sold advertising
- FloSports to provide management and production personnel valued at \$2M annually
- Varsity obligated to stream 20 events in year one and 25 thereafter

Financial Trends

(\$Thousands)

2016A

2017A

2018E

Revenue

Varsity TV Live Streaming	\$243	\$ -	\$ -
FloSports Live Streaming	304	713	950
Total Revenue	\$547	\$713	\$950

Expenses

Internet Lines	\$88	\$114	\$156
Production - VOD, Live Streaming	377	413	329
Dues - Ooyala / Licensing Fees	36	38	26
Bank Fees	8	-	-
Legal / Consulting	3	-	7
Other Admin - Payroll / Travel	-	27	45
Total Expenses	\$511	\$592	\$562

EBITDA	\$36	\$121	\$388
% Margin	6.5%	17.0%	40.8%

Varsity University Overview

VARSITY BRANDS

- [Provides both in-person and digital training / education for coaches, trainers, instructors and athletes]
- Originally launched in 2014, Varsity University delivers content through three channels:
 - Live conferences (School and All Star events)
 - Fierce Connection (Online All Star content)
 - Online scholastic education program (In partnership with the NFHS)

Case Study

Live Conferences

- [Overview bullet(s)]
- USASF no longer offering live conference (except their national meeting)
- Highly popular offering with strong enrollment growth trends
 - 2017 enrollment of ~3,800 (up 28% YoY)
 - 2018 enrollment expected to be ~4,300 (up 13% YoY)

Fierce Connection

- Offers subscriptions to content online:
 - VU conference speakers
 - How-to demos of skills
 - Live webinars
 - All Star and School content
- USASF Skills Library:
 - 2017 contracted and delivered on time
 - Glossary of terms
 - Video demos of skills
- Varsity All Star judges training
- Potential new content for USASF (Varsity University retains ownership rights)

Online Education Program

- Provides high school coach sports certification across all sports
- Heavily regulated market as NFHS and State Associations exert significant influence and have authority to require coaches credentialing/certification
 - Overall sport coaching market is estimated at ~\$6B (including athlete training)
 - Within the coaching market, the credentialing/certification market size is estimated over \$50M
- International coaches training
- Content sponsor opportunities

Varsity University Case Study: Online Education Program



- Varsity University is uniquely positioned to elevate the student experience by developing a world class certification program and executing it through partnership with NFHS

High School Coach Sports Certification Market Opportunity

Market Need

- Need for continuous education given high turnover rates for high school coaches
- Expressed desire for both training and sport-specific information from coaches across sports
- Large gap for digital content, online support tools, and live supplemental training

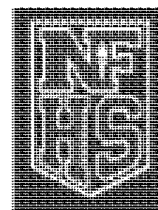
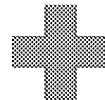
Why Varsity Can Win

- Clear vision on certification program content spanning across verticals that matter to customers
- Ability to create best-in-class content
- Strong, proven relationships with NFHS and State Associations

Each Partner Brings Specific Capabilities & Assets



- Certification program vision
- Cheer / Dance content and coaches audience
- Safety and leadership content
- Ground level distribution across all major sports and administrators (field sales)
- Live conferences and robust speaker database



- NFHS Learn online platform
- NFHS governance with State Associations
- State Association regulatory oversight over all HS sports in each state
- NFHS national and State conferences for coaches and ADs

Leading High School Coach Education and Certification Provider



Governance





Overview of Governing Bodies

Shaping the Industry



- Since inception, Varsity Spirit's mission is to be the leader and steward for cheer and dance
- Lack of governance around coaches, training, athlete safety and leadership in the 1980s as cheerleading evolved to a more athletic activity
- To address this void, Varsity was instrumental in the creation of several cheer governing bodies to set the rules of engagement for athletes, coaches, gyms and event producers
- These governing bodies enabled policies beneficial to further growth of the overall cheer and dance markets

Governing Bodies Established with the Help of Varsity Spirit

Governing Body	Logo	Founded	Primary Focus
American Association of Cheerleading Coaches & Administrators (AACCA)		1987	School: Developed coach and athlete safety
U.S. All Star Federation (USASF)		2003	All Star: Standardized rules, divisions and athlete safety
International Cheer Union (ICU)		2004	International: Created foundation for cheer global expansion
USA Cheer		2007	Overall U.S. Market: Created national governing body for US recognized by ICU

American Association of Cheerleading Coaches & Administrators (AACCA)

VARSITY BRANDS



Overview

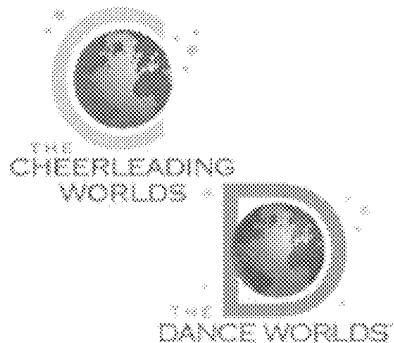
- In the 1980s, an explosion in the popularity of scholastic cheer combined with continued progress in athleticism and skill reinforced the need for safety education, awareness, and updated regulations
- Accordingly, Varsity Spirit partnered with leading safety and education experts to create AACCA and published AACCA cheerleading safety manual to provide education and safety standards for coaches
- AACCA has completed over 20 thousand safety courses in every state and internationally and is the recognized standard of care for cheerleading safety

Mission

- Providing cheerleading safety education to all coaches and administrators involved in cheer
- The AACCA Cheerleading Safety Manual focuses on the areas of Safety Awareness and Legal Responsibility, Medical Responsibilities, Environmental Safety Factors, Spotting, Performer Readiness, and Skill Progression

U.S. All Star Federation (USASF)

VARSITY BRANDS



Overview

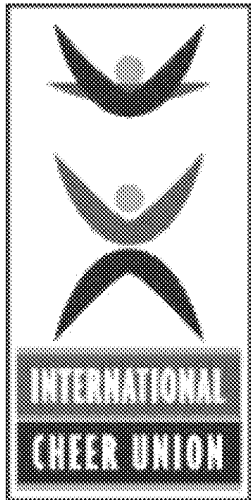
- The U.S. All Star Federation (USASF) was founded in 2003 with the core principle of making All Star a safer sport by establishing fair and consistent rules and competition standards
- The organization credentials coaches, certifies safety judges, sanctions events and maintains and adjusts safety guidelines, all with the goal of providing the safest possible environment for cheer and dance athletes to train and compete
- Not-for-profit corporation established in Tennessee and governed by Bylaws, officers, a Board of Directors, and 15 standing committees

Mission

- To support and enrich the lives of All Star athletes and members
- Provide consistent rules, strive for a safe environment for our athletes, drive competitive excellence and promote a positive image for the sport

International Cheer Union (ICU)

VARSITY BRANDS



Overview

- ICU was established in 2004 and is the recognized world governing body of cheerleading
- ICU consists of over 110 member National Cheer Federations with athletes on all continents, hosts the World Championships consistently welcoming over 70 nations and continues to grow as a unified voice for all those who are dedicated to the positive advancement of cheerleading throughout the world
- ICU received provision IOC recognition from the International Olympic Committee in 2016

Mission

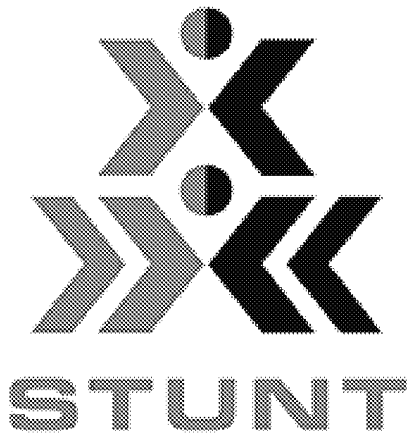
- Manage, direct, promote, organize, and assist the activities and disciplines associated with Cheer worldwide
- Encourage the growth and development of Cheer programs and opportunities to the world's youth
- Communicate with and support the formation of new National Cheer Federations (also known as National Governing Bodies) and countries that are interested in starting Cheer programs, activities, and events
- Encourage the creation of national teams to represent their respective countries in worldwide events, exchanges, and competition
- Establish rules and regulations for international competitive events and programs

USA Cheer

VARSITY  BRANDS

Overview

- The USA Federation for Sport Cheering is a not-for profit 501(c)(6) organization that was established in 2007 to serve as the National Governing Body for Sport Cheering in the United States
- USA Cheer is the recognized national governing body in the US by the ICU



Mission

- USA Cheer exists to serve the cheer community, including club cheering (All Star) and traditional school based cheer programs as well as the growing sport of STUNT
- Help grow and develop interest and participation in cheer
- Promote safety and safety education for cheer
- Represent the USA in international cheer competitions



Financials

Varsity Spirit Income Statement



(\$Millions)

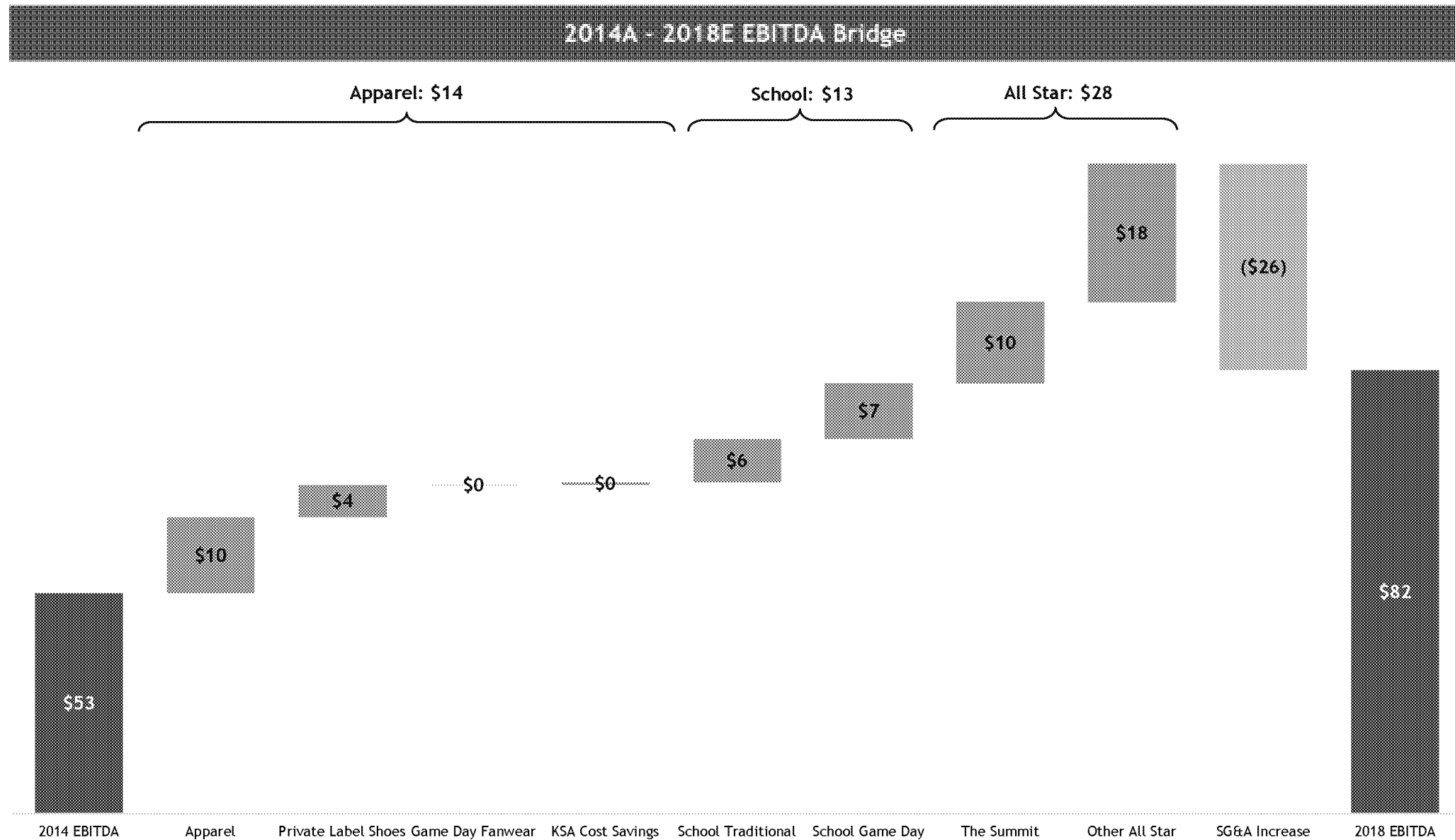
	Fiscal Year Ending,									CAGR	CAGR
	2014A	2015A	2016A	2017A	2018E	2019P	2020P	2021P	2022P	'14A - '18E	'18E - '22P
Net Sales											
Apparel	\$160	\$169	\$178	\$187	\$197	\$208	\$220	\$234	\$250	5.4%	6.2%
School	137	144	152	156	165	176	190	204	220	4.8%	7.4%
All Star	57	89	93	110	129	137	147	161	178	22.8%	8.5%
Total Net Sales	\$353	\$402	\$423	\$453	\$491	\$520	\$557	\$599	\$648	8.5%	7.2%
% Growth		13.8%	5.1%	7.2%	8.3%	6.0%	7.1%	7.6%	8.1%		
Gross Profit											
Apparel	\$85	\$89	\$94	\$97	\$104	\$111	\$118	\$126	\$135	5.1%	6.7%
School	44	48	51	53	56	60	64	69	76	6.7%	7.9%
All Star	24	27	38	42	52	55	54	60	66	21.6%	6.2%
Total Gross Profit	\$153	\$164	\$183	\$192	\$212	\$225	\$236	\$255	\$277	8.6%	6.9%
% Margin	43.2%	43.0%	43.6%	42.8%	43.3%	43.2%	42.3%	42.5%	42.8%		
EBITDA											
Apparel	\$33	\$34	\$37	\$36	\$39	\$42	\$46	\$49	\$54	4.1%	8.1%
School	12	16	16	15	16	17	18	20	25	7.0%	12.3%
All Star	8	14	18	22	27	29	27	31	36	35.8%	7.7%
Total EBITDA	\$53	\$64	\$70	\$74	\$82	\$87	\$91	\$101	\$115	11.3%	8.8%
% Margin	15.1%	16.0%	16.6%	16.2%	16.7%	16.8%	16.3%	16.9%	17.7%		
Memo:											
Net Sales excl. PF Acq. Adj.	\$353	\$382	\$420	\$449	\$490	\$520	\$557	\$599	\$648	8.5%	7.2%
Apparel Cost Savings Included					\$0	\$1	\$2	\$3	\$3		
% of Net Sales					0.1%	0.2%	0.4%	0.5%	0.4%		

Note: Totals may not add due to rounding. Expenses exclude non-cash expenses.

Historical Performance

VARSITY BRANDS

(\$Millions)

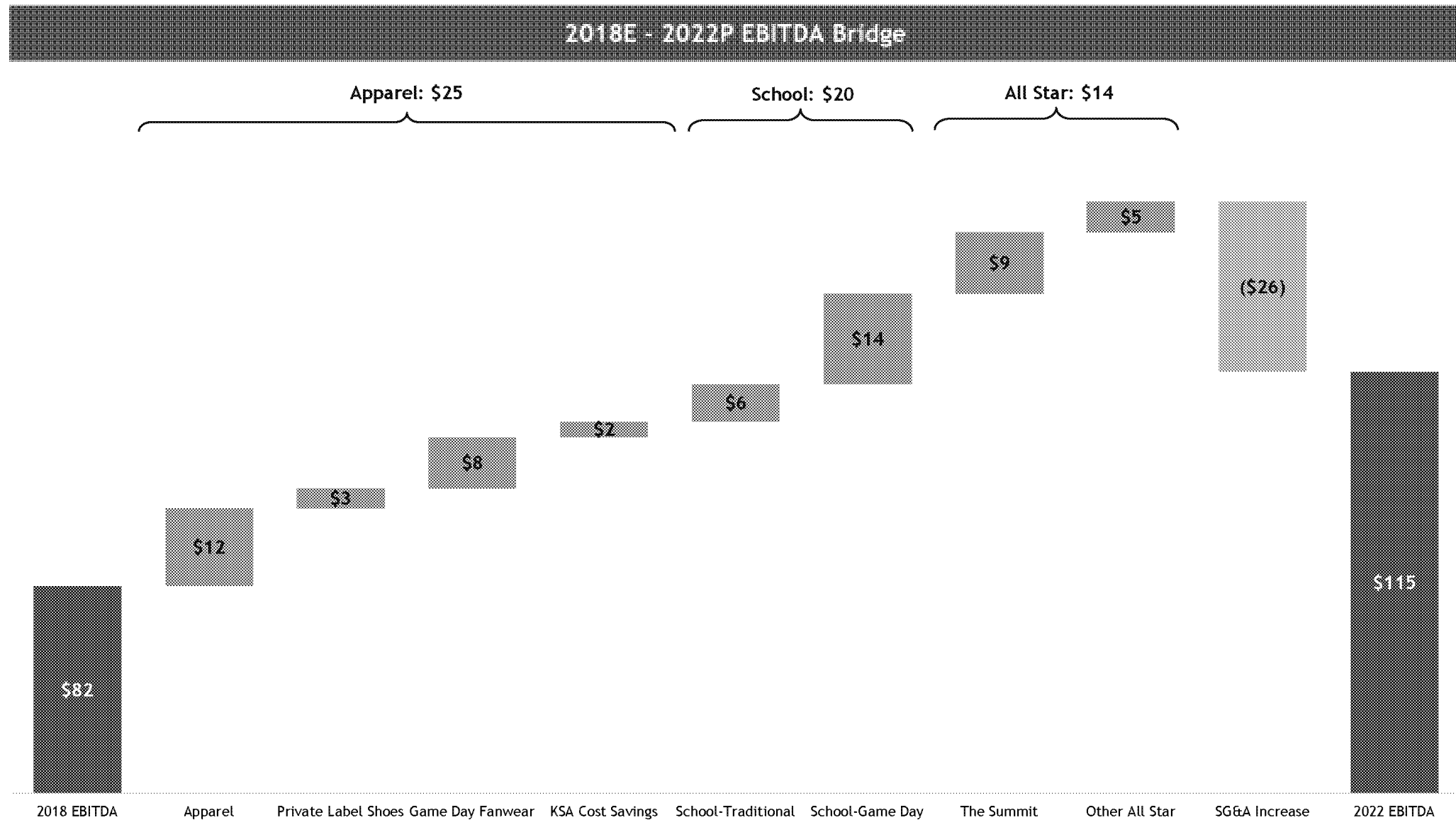


Note: EBITDA impact of revenue growth calculated using GM less commission.

Forecast Drivers

VARSITY BRANDS

(\$Millions)



Note: EBITDA impact of revenue growth calculated using GM less commission.

Capital Expenditures



(\$Millions)

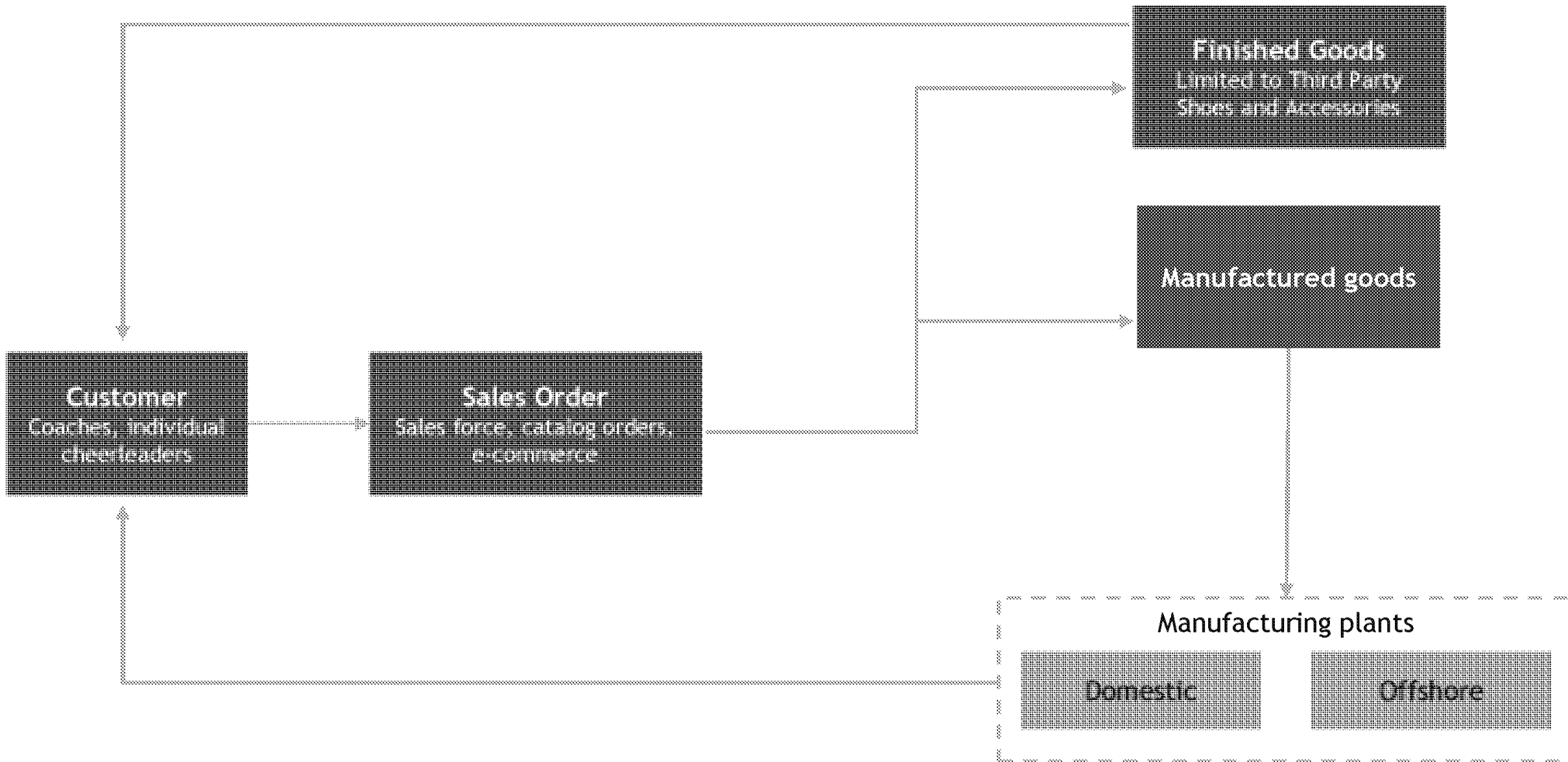
	Fiscal Year Ending,									CAGR	
	2014A	2015A	2016A	2017A	2018E	2019P	2020P	2021P	2022P	14A - 18E	18E - 22P
Maintenance Capex											
Apparel	\$0	\$1	\$0	\$0	\$3	\$3	\$2	\$3	\$3	74.2%	(4.1%)
School	0	0	0	0	1	1	1	1	1	131.8%	2.8%
All Star	0	1	0	1	1	1	1	1	1	56.7%	(17.8%)
Total Maintenance Capex	\$1	\$2	\$1	\$1	\$6	\$5	\$4	\$5	\$4	74.2%	(5.4%)
% of Net Sales	0.2%	0.4%	0.2%	0.3%	1.1%	0.9%	0.8%	0.8%	0.7%		
% Growth		186.4%	(53.2%)	54.7%	343.8%	(12.0%)	(11.0%)	3.7%	(1.2%)		
Growth Capex											
Apparel	\$2	\$2	\$3	\$3	\$3	\$3	\$2	\$2	\$2	14.6%	(4.1%)
School	1	2	1	2	1	1	1	1	1	(10.7%)	2.8%
All Star	0	0	0	0	1	0	0	0	0	162.8%	(17.8%)
Total Growth Capex	\$3	\$4	\$4	\$5	\$4	\$4	\$3	\$4	\$4	12.6%	(5.0%)
% of Net Sales	0.8%	1.0%	1.0%	1.1%	0.9%	0.7%	0.6%	0.6%	0.5%		
% Growth		54.7%	1.9%	15.5%	(11.7%)	(10.6%)	(12.7%)	4.0%	0.3%		
Capex											
Apparel	\$2	\$3	\$3	\$3	\$6	\$6	\$5	\$5	\$5	(4.1%)	(4.1%)
School	1	2	2	2	2	2	2	2	2	2.8%	2.8%
All Star	0	1	1	1	2	1	1	1	1	(17.8%)	(17.8%)
Total Capex	\$3	\$6	\$5	\$6	\$10	\$9	\$8	\$8	\$8	21.7%	(5.2%)
% of Net Sales	0.9%	1.5%	1.2%	1.4%	2.0%	1.7%	1.4%	1.3%	1.2%		
% Growth		78.9%	(14.3%)	21.8%	61.0%	(11.4%)	(11.8%)	3.8%	(0.6%)		

Note: Totals may not add due to rounding. Expenses exclude non-cash expenses.



Appendix

Apparel Customer Order Flow

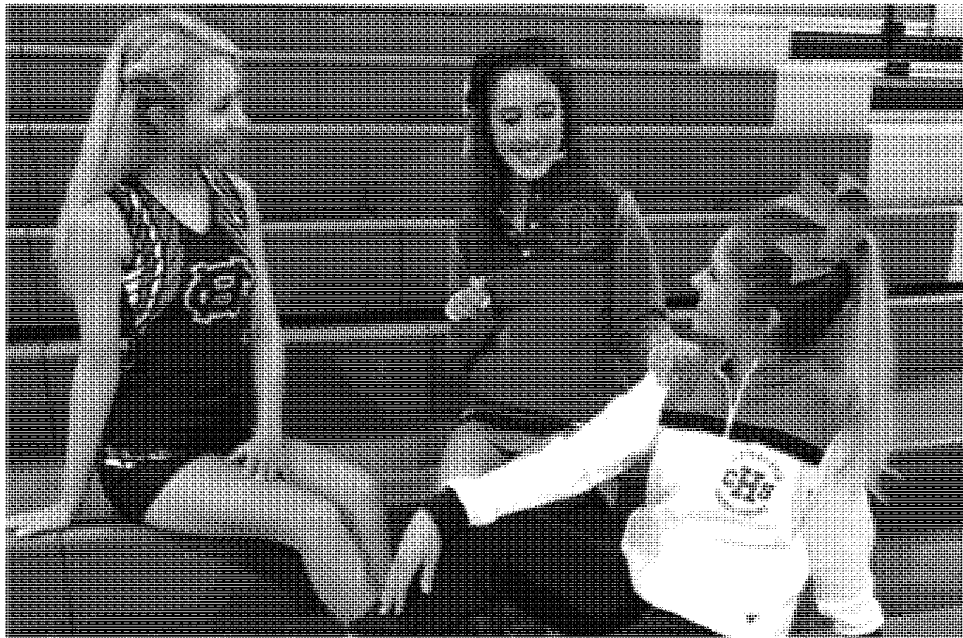


Varsity Spirt IT Girls

The Voice of Cheerleading

VARSITY BRANDS

- The Varsity IT Girls are a product and program development team comprised of the best and brightest cheerleaders in various cities across the country
- Athletes selected to provide thoughtful feedback regarding new and existing Varsity Spirit programs, products and concepts
- Online / Digital interaction with other cheerleaders as brand ambassadors promoting the Varsity Spirit brand values
- Key driver for Varsity Spirit Apparel as IT girls proudly wear Varsity Spirit head to toe
- Valuable marketing experience for IT girl



Apparel Income Statement

VARSITY BRANDS

(\$Millions)

	Fiscal Year Ending,									CAGR	
	2014A	2015A	2016A	2017A	2018E	2019P	2020P	2021P	2022P	14A - '18E	'18E - '22P
Net Sales											
Apparel	\$147	\$155	\$163	\$170	\$177	\$187	\$195	\$203	\$211	4.9%	4.4%
Private Label Shoes	12	13	15	18	19	21	22	23	24	12.4%	6.9%
Third Party Shoes	4	4	3	2	2	1	1	1	1	(22.3%)	(8.6%)
Game Day Fanwear	0	0	0	0	0	1	4	9	17	NA	358.5%
Other, Returns, & Discounts	(3)	(2)	(3)	(2)	(1)	(2)	(2)	(2)	(3)	(24.1%)	34.9%
Total Net Sales	\$160	\$169	\$178	\$187	\$197	\$208	\$220	\$234	\$250	5.4%	6.2%
% Growth		5.7%	5.7%	4.9%	5.2%	5.6%	5.7%	6.4%	7.0%		
COGS											
Private Label Shoes	\$3	\$3	\$4	\$5	\$5	\$6	\$7	\$7	\$7	13.5%	8.8%
Third Party Shoes	2	2	1	1	1	1	1	1	1	(24.1%)	(8.6%)
Game Day Fanwear	0	0	0	0	0	0	2	4	7	NA	354.2%
Freight Recovery	8	8	8	9	9	9	10	10	11	4.1%	6.0%
Fabric-based Apparel	61	67	71	76	78	81	83	86	89	6.1%	3.4%
Total COGS	\$74	\$80	\$84	\$90	\$93	\$97	\$102	\$108	\$115	5.7%	5.5%
Gross Profit	\$85	\$89	\$94	\$97	\$104	\$111	\$118	\$126	\$135	5.1%	6.7%
% Margin	53.5%	52.8%	52.7%	51.9%	53.0%	53.3%	53.8%	54.0%	54.1%		
SG&A											
Comission	\$17	\$18	\$19	\$20	\$21	\$23	\$24	\$25	\$27	6.2%	6.2%
Other SG&A	35	37	38	40	44	46	49	51	54	5.5%	5.7%
Total SG&A	\$52	\$55	\$57	\$61	\$65	\$69	\$73	\$77	\$82	5.7%	5.9%
Segment EBITDA	\$33	\$34	\$37	\$36	\$39	\$42	\$46	\$49	\$54	4.1%	8.1%
% Margin	20.9%	20.4%	20.6%	19.5%	19.9%	20.3%	20.8%	21.1%	21.4%		
Memo:											
Cost Savings Included					\$0	\$1	\$2	\$3	\$3		
% of Net Sales					0.2%	0.5%	1.1%	1.2%	1.1%		

Note: Totals may not add due to rounding. Expenses exclude non-cash expenses.

All Star Income Statement



(\$Millions)

	Fiscal Year Ending,									CAGR	
	2014A	2015A	2016A	2017A	2018E	2019P	2020P	2021P	2022P	14A - 18E	18E - 22P
Net Sales											
The Summit (Disney)	\$7	\$12	\$17	\$32	\$41	\$48	\$56	\$68	\$80	54.2%	18.5%
State & Local Events	44	53	70	72	86	88	90	93	97	18.2%	3.1%
Premier Gyms	10	10	10	8	8	8	8	8	8	(4.0%)	0.0%
Varsity Family Plan	(4)	(6)	(6)	(6)	(7)	(7)	(7)	(8)	(8)	10.8%	3.7%
Total Net Sales	\$57	\$69	\$90	\$107	\$128	\$137	\$147	\$161	\$178	22.7%	8.5%
% Growth		22.6%	30.2%	18.1%	20.3%	6.6%	7.4%	10.0%	10.2%		
PF Acquisition Net Sales	0	20	2	4	0						
Pro Forma Net Sales	\$57	\$89	\$93	\$110	\$129	\$137	\$147	\$161	\$178	22.8%	8.5%
% Growth		57.5%	4.1%	19.1%	16.4%	6.4%	7.4%	10.0%	10.2%		
COGS											
The Summit (Disney)	\$6	\$9	\$12	\$23	\$29	\$34	\$44	\$51	\$59	49.2%	19.5%
Premier Gyms	5	6	5	4	4	4	4	4	4	(6.1%)	0.4%
Other	22	27	35	38	43	44	45	47	49	18.8%	3.1%
Total COGS	\$33	\$42	\$52	\$64	\$76	\$82	\$93	\$102	\$112	23.5%	10.0%
Gross Profit	\$24	\$27	\$38	\$42	\$52	\$55	\$54	\$60	\$66	21.6%	6.2%
% Margin	41.9%	39.6%	42.2%	39.8%	40.4%	40.0%	36.8%	36.9%	37.1%		
SG&A											
Comission	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	17.9%	8.5%
Other SG&A	16	17	20	21	25	26	27	28	30	12.2%	4.4%
Total SG&A	\$16	\$17	\$21	\$21	\$25	\$26	\$27	\$28	\$30	12.2%	4.4%
Segment EBITDA	\$8	\$10	\$17	\$22	\$27	\$29	\$27	\$31	\$36	35.6%	7.8%
% Margin	14.0%	14.5%	19.1%	20.3%	20.9%	20.9%	18.4%	19.3%	20.4%		
PF Acquisition EBITDA	0	4	0	0	0						
Pro Forma EBITDA	\$8	\$14	\$18	\$22	\$27	\$29	\$27	\$31	\$36	35.8%	7.7%
% Growth	14.0%	15.9%	18.9%	20.0%	21.0%	20.9%	18.4%	19.3%	20.4%		

Note: Totals may not add due to rounding. Expenses exclude non-cash expenses.

School Income Statement

VARSITY BRANDS

(\$Millions)

	Fiscal Year Ending,									CAGR	
	2014A	2015A	2016A	2017A	2018E	2019P	2020P	2021P	2022P	14A - 18E	18E - 22P
Net Sales											
Traditional Competitions	\$52	\$56	\$60	\$59	\$60	\$63	\$67	\$68	\$68	3.4%	3.3%
Game Day Competitions	0	1	2	3	5	7	12	16	22	261.7%	46.6%
Traditional Camps	62	62	62	61	61	60	59	58	57	(0.8%)	(1.6%)
Game Day Camps	1	4	7	11	16	20	25	29	33	84.2%	20.2%
Sponsorship	1	1	1	1	2	2	3	5	10	5.2%	59.2%
Other, Net of Family Plan	20	20	20	21	23	24	26	28	30	3.8%	7.3%
Total Net Sales	\$137	\$144	\$152	\$156	\$165	\$176	\$190	\$204	\$220	4.8%	7.4%
% Growth		5.3%	5.2%	2.5%	6.2%	6.3%	8.4%	7.1%	7.9%		
COGS											
Traditional Competitions	\$35	\$37	\$39	\$39	\$39	\$42	\$46	\$46	\$46	3.2%	4.0%
Game Day Competitions	0	1	1	2	3	5	8	11	14	272.7%	47.2%
Traditional Camps	44	42	42	41	41	40	40	39	38	(1.7%)	(1.9%)
Game Day Camps	1	3	5	7	11	13	17	20	22	80.6%	19.9%
Sponsorship	0	0	0	0	0	1	2	3	5	(9.7%)	139.5%
Other	13	14	13	14	14	15	16	17	18	2.1%	5.8%
Total COGS	\$94	\$96	\$100	\$103	\$109	\$116	\$127	\$135	\$144	3.9%	7.2%
Gross Profit	\$44	\$48	\$51	\$53	\$56	\$60	\$64	\$69	\$76	6.7%	7.9%
% Margin	31.8%	33.2%	33.8%	34.0%	34.1%	33.9%	33.4%	33.9%	34.7%		
SG&A											
Commission	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	3.3%	7.4%
Other SG&A	31	31	35	37	40	42	44	47	50	6.6%	6.0%
Total SG&A	\$32	\$32	\$35	\$38	\$41	\$43	\$46	\$49	\$51	6.5%	6.0%
Segment EBITDA	\$12	\$16	\$16	\$15	\$16	\$17	\$18	\$20	\$25	7.0%	12.3%
% Margin	8.7%	10.9%	10.4%	9.7%	9.4%	9.4%	9.5%	10.0%	11.3%		

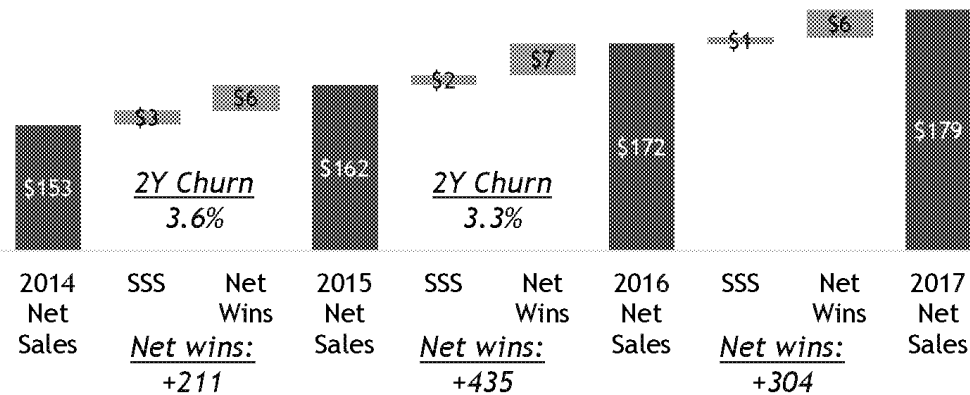
Note: Totals may not add due to rounding. Expenses exclude non-cash expenses.

Apparel SSS Trends

VARSITY BRANDS

(\$Millions)

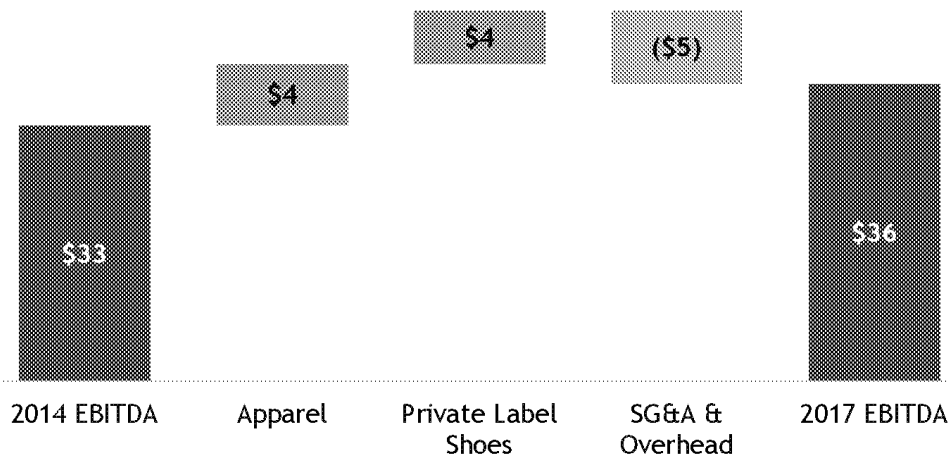
2014A - 2017A SSS Bridge



Historical Performance

- Focused on product innovation through introduction of new PowerFit fabric for uniforms and sublimated campwear
- Expansion of Private Label Shoes
- Introduction of new fabrics, private label shoes and operational efficiencies

2014A - 2017A EBITDA Bridge



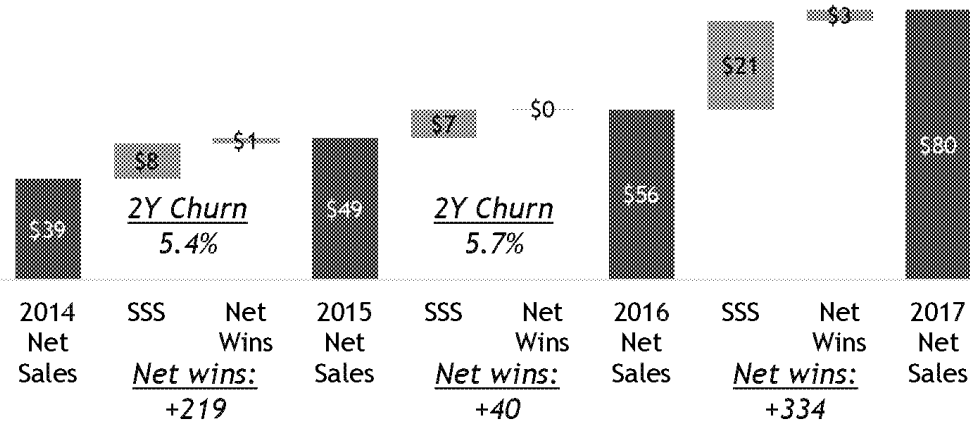
Note: EBITDA impact of revenue growth calculated using GM less commission.

All Star SSS Trends

VARSITY BRANDS

(\$Millions)

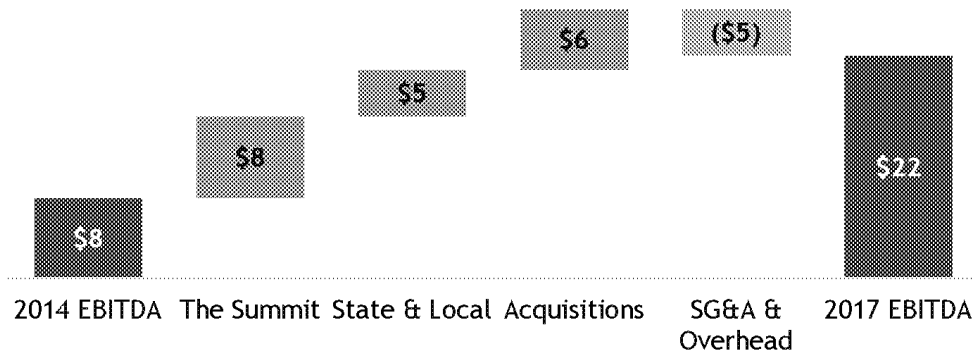
2014A - 2017A SSS Bridge



Historical Performance

- [Importance of margin \$ associated with The Summit; additional Summit event in the forecast period (proven ability to innovate)]
- Decline in non-Summit events driven by increased number of events offering bids to Disney; we make this money up as we add incremental teams to The Summit (margin \$ driver)
- Achieved significant growth at The Summit, introduced the D2 Summit (2016), and completed tuck-in acquisitions expanding Varsity Spirit's competition footprint

2014A - 2017A EBITDA Bridge



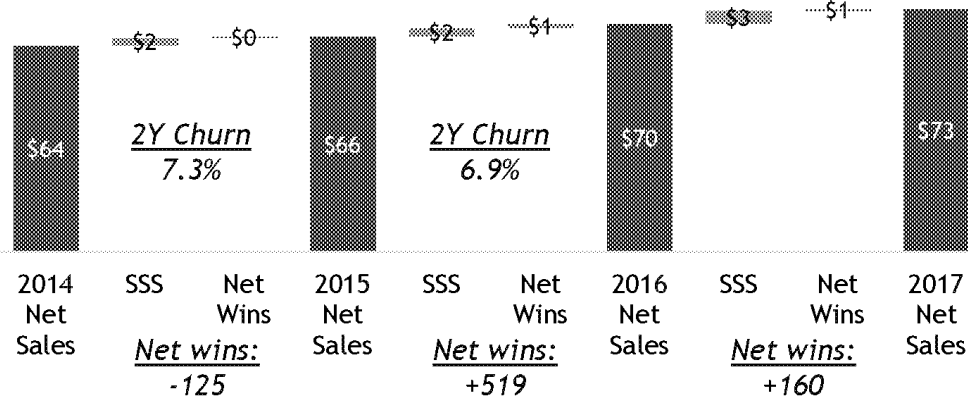
Note: EBITDA impact of revenue growth calculated using GM less commission.

School SSS Trends

VARSITY BRANDS

(\$Millions)

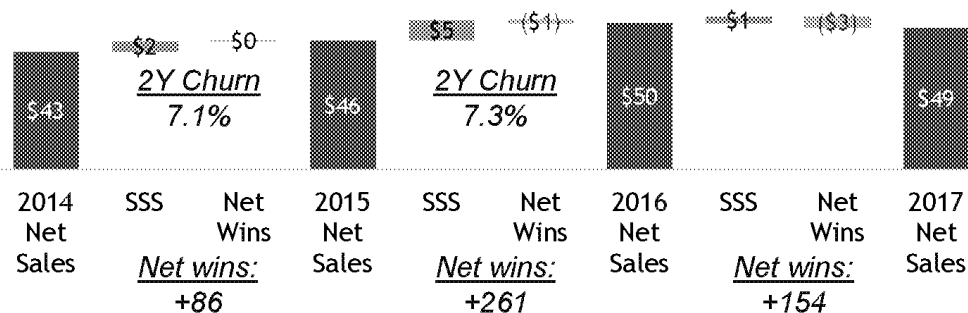
2014A - 2017A Camps SSS Bridge



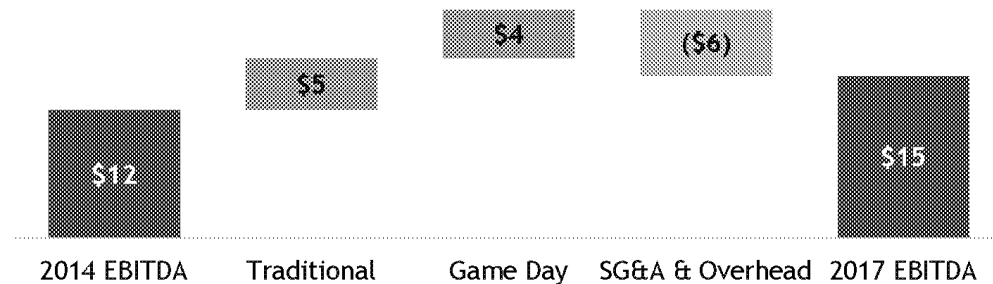
Historical Performance

- Introduced innovative Game Day curriculum and competition format, which is driving participation at camps and competitions

2014A - 2017A Competitions SSS Bridge



2014A - 2017A EBITDA Bridge



Note: EBITDA impact of revenue growth calculated using GM less commission.

Game Day: Basis of Presentation



- Game Day camp curriculum and Game Day competition division are offerings focused on driving overall participation at camps and competitions
- Game Day and Traditional Revenue, EBITDA, and Participants should be viewed collectively within camps and competitions to show overall growth
- Currently Game Day performance is not tracked separately in Varsity Spirit's financials
- The delineation of Game Day and Traditional within the School segment has been prepared by the Company to demonstrate Game Day's effect on overall participation trends in the historical period and the expected participation growth related to Game Day
- **Game Day Camp**
 - Game Day camp curriculum was piloted in 2014 within one school brand and is being systemically rolled out over time to all school brands and camp customer types
 - Traditional Camp participation trends in the model represent what participation would have been in the absence of Game Day camp curriculum; overall growth in camp participants is attributable to Game Day camp curriculum reversing overall participation trend
 - Differences in revenue per participant reflected in the model are a result of phasing in Game Day camps across the different brands and taking the weighted average of prices for brands with and without Game Day curriculum in a given year; higher priced brands and camp types adopted Game day curriculum earlier leading to higher revenue per Game Day participant
- **Game Day Disney Competitions**
 - Game Day competition division revenue at Disney is part of the overall Disney package and was allocated as follows:
 - Full package revenue was allocated to Game Day in model if Game Day was the primary driver for attending event (e.g. customer attended Game Day division in current year and did not attend traditional Disney competition division the year before)
 - Partial package revenue was allocated to Game Day in the model if team had participated in traditional division the year before
 - Net result is that the average price per Game Day participant will be lower than Traditional as some Game Day participants received a partial package allocation if they competed in Traditional division previously
- **Game Day State & Local Competitions**
 - Game Day competition revenue at State and Local events is directly tracked for participants at these events and is reflected in model
 - Traditional revenue in the model per participant is higher than Game Day because:
 - Brands in school business unit also offer All Star events which will never offer Game Day division as this is a school only format
 - These All Star events are in Traditional model line and many are large, relatively higher-priced 2-day events versus lower-priced 1-day school events that offer Game Day competition division; these All Star events drive higher revenue per Traditional participant



Cycle History

Cycle History: Apparel

VARSITY BRANDS

(\$Millions)

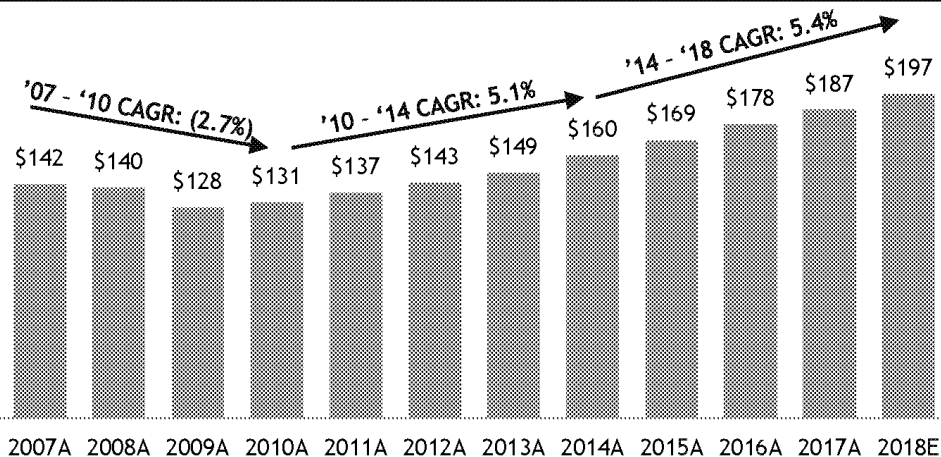
Effect of the Downturn

Mitigation Plan

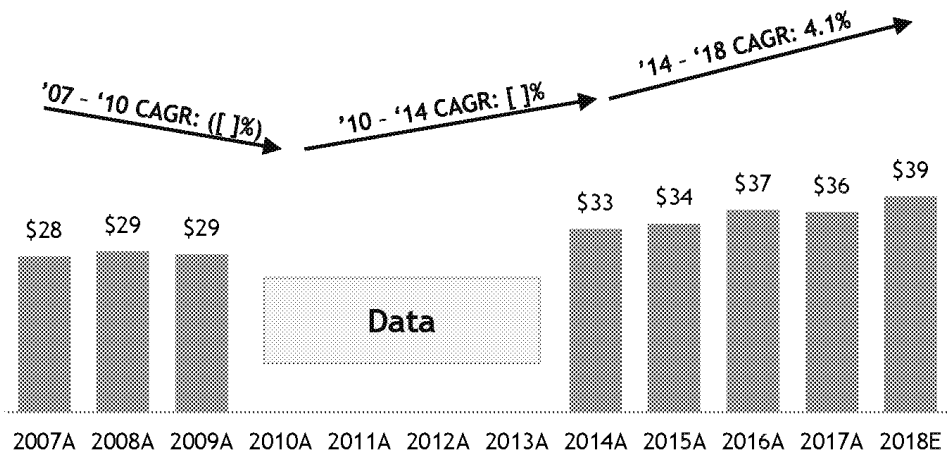
• []

- **New Customers:**
 - Actively reaching new customers through inside sales team
 - Providing more time for field reps to be in the field through digital tools (vision bards, sizing app, sales builder) to generate new business which will offset any decreased spend with existing customers
- **Game Day Fanwear:**
 - Expanding the customer base into students, parents and school community to drive revenue
- **Cost Reductions:**
 - Opportunistically achieve cost savings (e.g. reduce print catalogs, shift production to contractors where possible, reduce headcount for product development for prototype if demand decreases)

Net Sales



EBITDA



Cycle History: All Star

VARSITY BRANDS

(\$Millions)

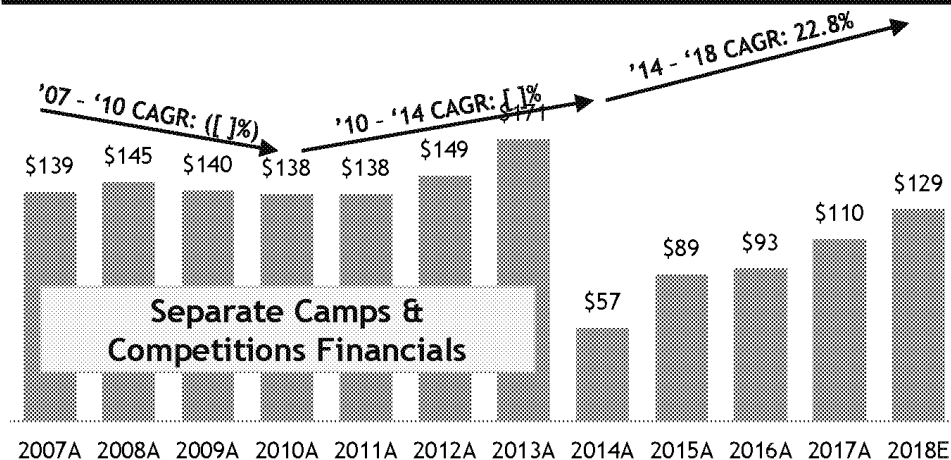
Effect of the Downturn

- Average team size declined; participants attended less events; inability to leverage fixed cost
- []
- []

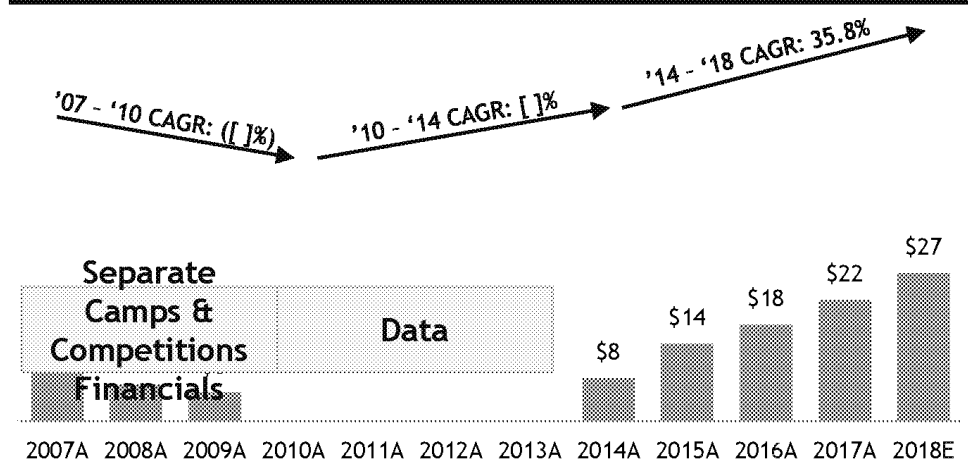
Mitigation Plan

- **Large Event Footprint:**
 - Large national footprint of events which allows teams to compete locally and save on travel costs would help maintain participation rates
 - Additional flexibility to combine geographically proximate events as necessary to reduce fixed costs
- **Summit Growth:**
 - The Summit at Disney has become a marquee event that morphed into more than just a competition, and has become a vacation event for many families
 - Strength of the Summit keep regular season events with Summit bids in demand
- **Family Plan Savings:**
 - Reduce benefits paid out to customers for loyalty program and shift more of the benefit towards apparel products

Net Sales



EBITDA



Cycle Risk: All Star

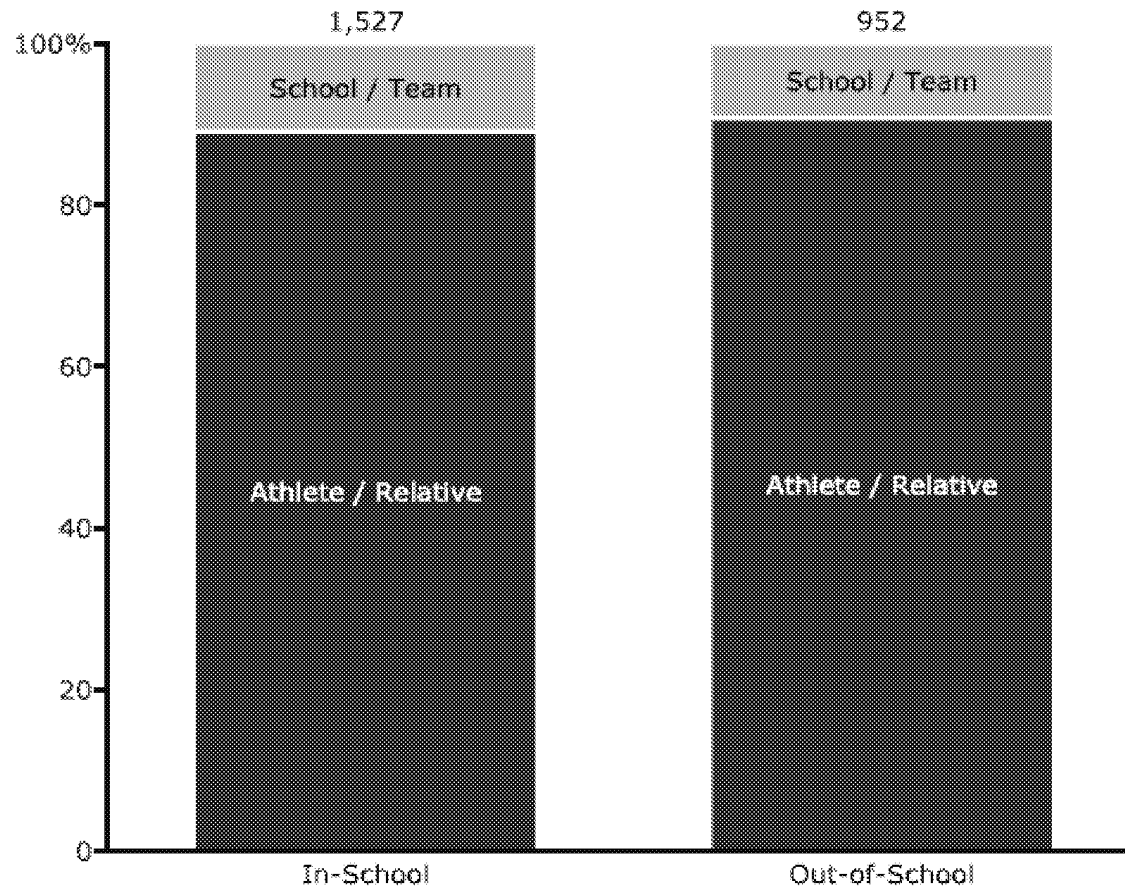
Schools Contribute Less to All-Star Events, Increasing the Burden on Parents

VARSITY BRANDS

PARENTS/ATHLETES ARE THE PRIMARY SOURCE OF FUNDING FOR ~90% OF CHEER-RELATED SPEND

Who primarily paid for competitions, camps, cheer gym fees, and apparel in the last year?

Number of primary responses



COACHES SAY FAMILIES PAY EXPENSES

*"Our **cheerleaders have to pay for a lot of the expenses**, but the school covers coaching fees, half of in-state competitions, and directs a portion of student athletic fees to the team."*

High School Cheer Coach #1

*"**Not much of the expenses are covered directly by the school** anymore, but the athletic department manages a booster club that helps with funding."*

All Star/ High School Cheer Coach #1

Cycle History: School

VARSITY BRANDS

(\$Millions)

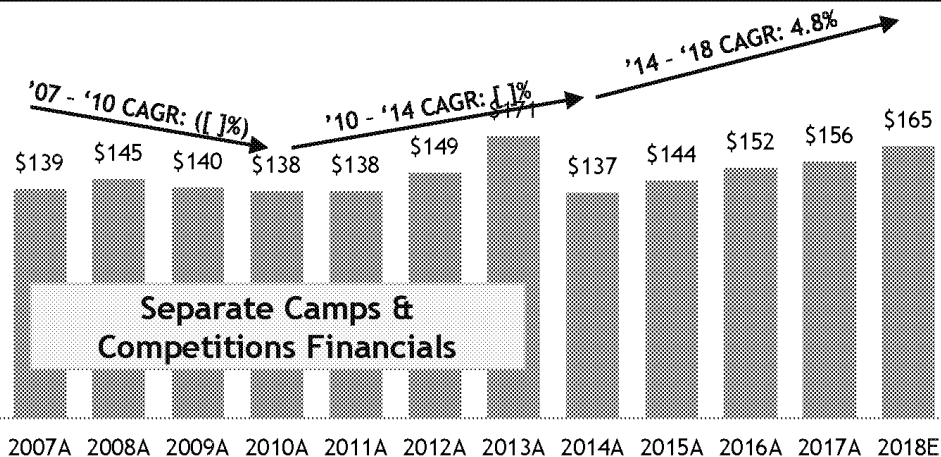
Effect of the Downturn

Mitigation Plan

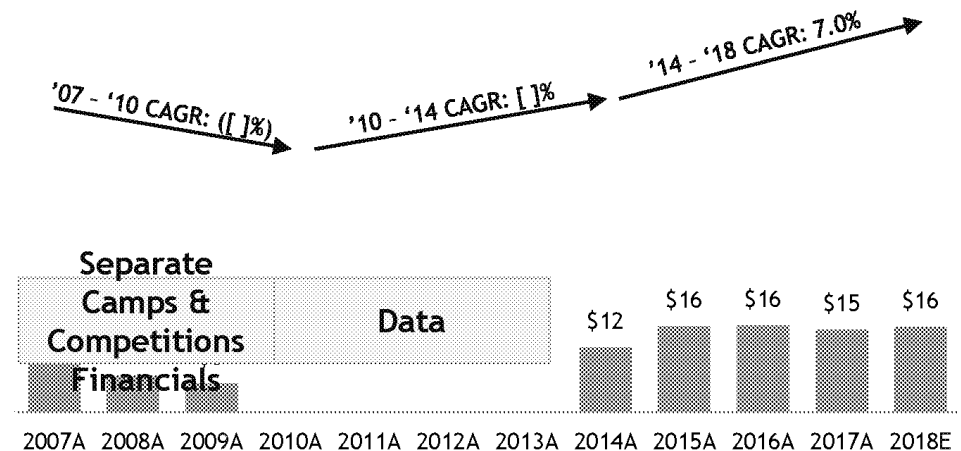
• []

- **Diverse Camp Offerings:**
 - Continued to diversify camp types from just resident to include more home and commuter camps
 - Maintain a strong EBITDA contribution per athlete compared to resident camps
- **Game Day Camp Curriculum:**
 - Increasing the pool of teams that may come to camp through the Game Day curriculum
 - Help offset any decreases in teams who had been coming for the traditional curriculum
- **Game Day Competition Division:**
 - Expanding the teams able to compete to help offset any potential weakness in traditional division participation

Net Sales



EBITDA





Additional Slides

Proven Ability to Innovate and Boost Participation in the Sport

VARSITY BRANDS

Consolidation

2000 - 2011

- Acquired major camp, competition and apparel competitor NCA in 2004
- Began to rollup All-Star market by executing M&A strategy
 - Earnouts associated with M&A inhibited integration and collaboration
- All-Star recession
- Helped found governing bodies

Expansion

2011 - 2014

- Finished rolling up the All-Star market
- Earnouts realized (unlocks potential)
- Successful integration creates collaboration across owned entities
- Expanded digital strategy
 - Created an interest in a division that didn't previously exist
 - Increased number of events
 - Increased spend / competitor
- Identified interest in high-level competition from lower-level teams (All-Star)
- Launched The Summit in 2013

Evolution

2014 - Today

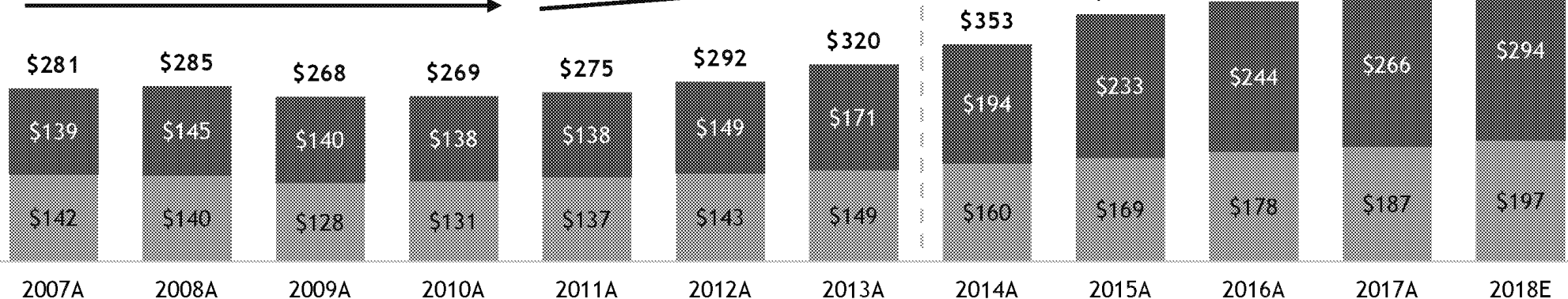
- Expanded offering creates affordable alternatives to drive continued participation growth
- Family plan
- Investment in digital tools for salesforce
- Continued innovation across categories
 - Sublimated practice wear and proprietary shoes
 - Introduction of Gameday (connect growth in All-Star to opportunity in front of us in Gameday)

■ Apparel ■ Camps & Competitions

2007A - 2010E CAGR: -1.4%

2011A - 2013E CAGR: 7.9%

2014A - 2018E CAGR: 8.6%

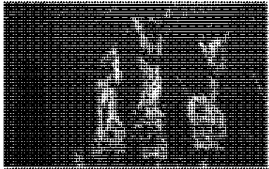


Segment Overview

VARSITY BRANDS

Camps & Competitions

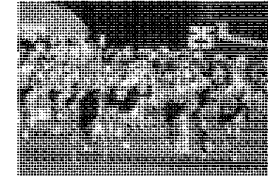
All Star Competitions



- Originally created to provide an alternative for athletes not on the school team
 - Primarily centered on entertainment, stunts and skills
- Focus on out of school all star teams
 - Travel competitive teams not associated with a school; practice through local all star gyms
- Relationships with 2,500+ gyms
 - Primary relationship with gym owner
- Apparel style is performance and skills oriented with an emphasis on complementing a team's routine

26% of 2018E Net Sales **33%** of 2018E EBITDA

School Camps & Competitions

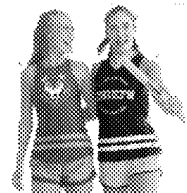
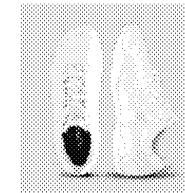


- Original Varsity Spirit business
 - Combines crowd leading with stunts, skills and entertainment
- Focus on school athletic teams
 - Teams participate in summer camps and typically participate in competitions
- Relationships with 19,000+ middle / high schools and 1,000+ college and university programs
 - Primary relationship with coach
- Apparel style is collegiate, athletic, with a strong focus on the school's brand

34% of 2018E Net Sales **19%** of 2018E EBITDA

Apparel

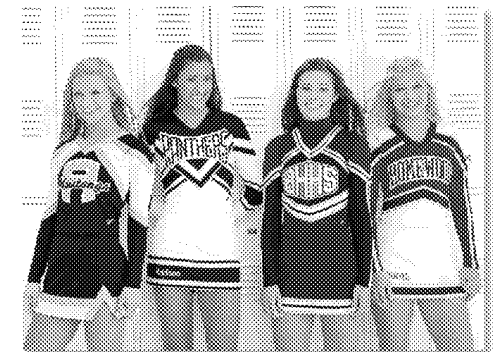
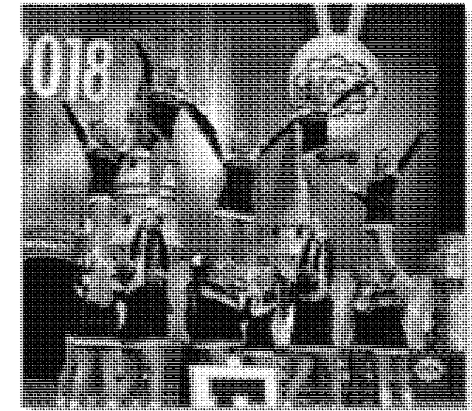
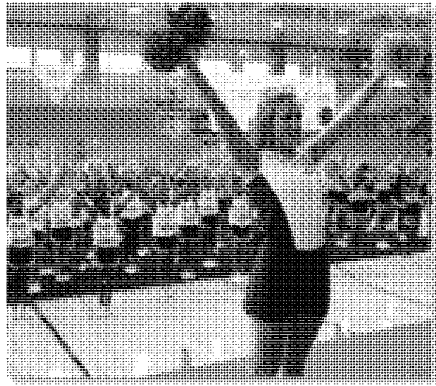
- Offer Uniforms, Accessories, Lettering, Campwear, Warm-Ups and Shoes
- 20+ member design and development team
- Unique fitting experience with reps delivering a customized, one-of-a kind product
- Production contracted with one domestic and six offshore facilities (one owned, six independent)
- Short turn-around time for custom orders (4- to 5-weeks)



40% of 2018E Net Sales **48%** of 2018E EBITDA

The Varsity Spirit Ecosystem

VARSITY BRANDS



Varsity Spirit: A Lifestyle Brand

Creating Experiences that Represent Our Customer's Way of Life

VARSITY BRANDS

- Varsity Spirit is deeply embedded in the life of a cheerleader, far surpassing the confines of apparel and events to define the culture, create the message and influence the future

Defining the Culture

- Partnership with St. Jude Children's Research Hospital makes PHILANTHROPY a cornerstone of a cheerleader's responsibility
- Creating a culture of MOTIVATION and RECOGNITION through programs that recognize the best in cheerleaders
- All-American recognition, 'Pin it Forward' program, Varsity Pinnacle Award

Creating the Message

- Directly connected to a COMMUNITY of "members", producing content that represents what it is like to be a cheerleader today
- 'American Cheerleader' LIFESTYLE magazine
- Books (Fictional series for tweens and Varsity's Ultimate Guide to Cheerleading), promotions with Disney, and a documentary feature film
- Dedicated content team works year-round to create a steady stream of new articles, videos, and feature mini-films through Varsity TV
- Varsity Spirit's creative partnership gives content CREDIBILITY in the world of cheerleading

Influencing the Future

- Varsity Spirit LEADS, the market follows
- Varsity IT girls
- Varsity Spirit staff are the professional athletes of cheerleading
- Social Media ENGAGEMENT

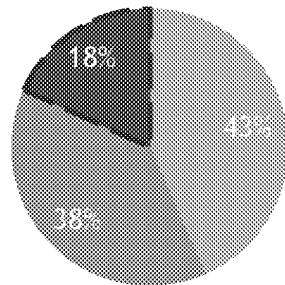


Cross-Divisional Penetration Opportunity

VARSITY BRANDS

- Significant cross-selling opportunity among apparel, camps and competitions across age groups and skill levels
- Less than 75% of accounts bought products / services across all three channels in 2017

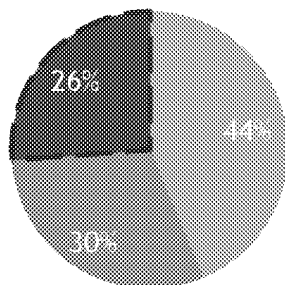
High School & Middle School



- Camps, Competitions, or Apparel Only
- Combination of Two Divisions
- Camps, Competitions, and Apparel

Account Type	Number of Accounts	Revenue per Account
Camps, Competitions, or Apparel <u>Only</u>	7,144	\$5K
Combination of Two Divisions	6,315	\$15K
Camps, Competitions, and Apparel	2,993	\$35K

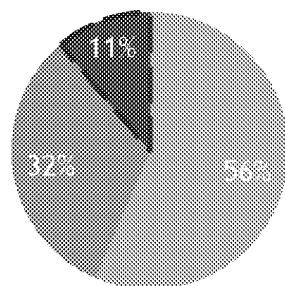
College



- Camps, Competitions, or Apparel Only
- Combination of Two Divisions
- Camps, Competitions, and Apparel

Account Type	Number of Accounts	Revenue per Account
Camps, Competitions, or Apparel <u>Only</u>	451	\$4K
Combination of Two Divisions	311	\$13K
Camps, Competitions, and Apparel	270	\$36K

All Star High Schools



- Camps, Competitions, or Apparel Only
- Combination of Two Divisions
- Camps, Competitions, and Apparel

Account Type	Number of Accounts	Revenue per Account
Camps, Competitions, or Apparel <u>Only</u>	1,426	\$14K
Combination of Two Divisions	818	\$71K
Camps, Competitions, and Apparel	281	\$125K

Note: Based on 2017A account data.

Leveraging Our Core Competencies to Expand Our Addressable Markets



Core Competencies

- ✓ Innovation
- ✓ Creating and managing an ecosystem
- ✓ Consolidating an industry
- ✓ Hosting events
- ✓ Training coaches, parents and athletes
- ✓ Connecting socially
- ✓ Reinventing and expanding markets

Characteristics of Attractive Adjacent Sports Markets

- + Highly fragmented
- + Lack of professionalized structure
- + Weak governing bodies
- + Attractive growth
- + Early stage sport
- + No dominant incumbents
- + No year end events

- Bringing new ideas to market is the foundation of growth at Varsity Spirit
- We have the opportunity to apply our knowledge of managing ecosystems to adjacent categories:

Band

Lacrosse

E-Sports

Path to the Future Varsity Spirit

VARSITY  **BRANDS**

- ✓ Strong leadership to drive growth
- ✓ Continuously focus on innovation and expanding our ecosystem
- ✓ Grow salesforce through robust pipeline of talent
- ✓ Deploy salesforce effectiveness tools
- ✓ Expand Game Day to other spirit markets
- ✓ Drive All Star participation
- ✓ Create customized fanwear for the broader community
- ✓ Leverage current traction to expand internationally
- ✓ Apply knowledge of managing ecosystems to adjacent categories

Continuous Innovation Expands Our Market and Fuels Growth

EXHIBIT 3

**FILED UNDER SEAL
(Excerpt)**

1 UNITED STATES DISTRICT COURT
2 WESTERN DISTRICT OF TENNESSEE

3 -----X

4 FUSION ELITE ALL STARS, et al.,:

5 Plaintiffs,: Case No.

6 v. : 2:20-cv-02600-SHL-cgc

7 VARSITY BRANDS, LLC, et al., :

8 Defendants.:

9 -----X:

10 JESSICA JONES, MICHELLE VELOTTA,:

11 And CHRISTINA LORENZEN, on Behalf of:

12 Themselves and All Others Similarly:

13 Situated :

14 Plaintiffs, :

15 v. :

16 VARSITY BRANDS, LLC; VARSITY: Case No.

17 SPIRIT, LLC; VARSITY SPIRIT FASHION: 2:20-cv-02892-SHL-atc

18 & SUPPLIES, LLC; U.S. ALL STAR:

19 FEDERATION, INC.; JEFF WEBB;:

20 CHARLESBANK CAPITAL PARTNERS:

21 LLC; and BAIN CAPITAL PRIVATE:

22 EQUITY, :

23 Defendants. :

24 -----X

25

308

1 I'm not sure if there is a rule against that.

2 But, in my opinion, if they wanted

3 to come as a team, they probably could.

4 Q. Okay. Does Varsity own and operate
5 camps, I guess for school cheer teams, that
6 are nationwide, all around the United States?

7 A. Yes.

8 Q. I'm going to ask some questions
9 about Varsity TV, switching topics. When did
10 Varsity begin using Varsity TV?

11 A. I -- I think that it started in 2016
12 or 2017. Around that time.

13 Q. And if a parent or a team -- an
14 athlete or a spectator wanted to do something
15 on Varsity TV, was that a free service? Or
16 did they have to pay for it?

17 A. It depends on what they are looking
18 for and when they are looking for it. So, a
19 live event that's live streaming at that time,
20 will need to be paid for. But, in general,
21 80 percent of the content is free on Varsity
22 dot -- on Varsity TV.

23 And then, team videos of the
24 specific routine are free, five days after the
25 event.

386

REPORTER'S CERTIFICATE

I, GISELLE MITCHELL-MARGERUM, the undersigned, a Registered Professional Reporter, Certified Reporting Instructor, Licensed Court Reporter, and Certified Court Reporter, do hereby certify:

That the witness, JACKIE KENNEDY, before examination was remotely duly sworn to testify to the truth, the whole truth, and nothing but the truth.

That the foregoing deposition was taken remotely stenographically by me on Wednesday, March 17, 2022, and thereafter was transcribed by me, and that the deposition is a full, true, and complete transcript of the testimony, including questions and answers, and objections, motions and exceptions made by counsel.

That reading and signing was not requested; and that I am neither attorney nor counsel for, nor related to or employed by, any of the parties to the action in which this deposition was taken; and that I have no interest, financial or otherwise, in this case.

IN WITNESS WHEREOF, I have hereunto set my hand
this day of 2022.



GISELLE MITCHELL-MARGERUM, RPR, CRI, CCR, LCR, CSR

EXHIBIT 4

FILED UNDER SEAL

Varsity Spirit Pricing Overview

This document covers Varsity Spirit pricing for the following business segments:

1. Apparel
2. Camps
3. Competitions (School & All Star)

Apparel Pricing

- **Objective:** Establish retail pricing to maximize gross margin by product category and product package that satisfies different customer segment needs
- **High-Level Process:**
 - Analyze historical sales by SKU within product categories / packages to evaluate current pricing model success within each customer segment and adjust if needed
 - Study competitive landscape within each main product category to determine if current pricing strategy is aligned to maintain current customer base revenue and increase revenue
 - Competitive set varies based on product category; for example, uniforms are primarily cheer-specific companies while accessories, warmups, practice wear etc. takes a broader view of competitive landscape (e.g. Nike, Adidas, etc.)
 - Evaluate overall economic outlook for potential adjustments to pricing strategy, either as a whole or in specific geographical areas
 - Understand overall costs to producing each style to assist in setting price and target gross margin
 - Set price based on combination of above including recent trends, competitive landscape, economic factors and product cost
 - All Star follows similar high-level process, but also adds in real-time pricing as certain products are designed live with customers
 - To facilitate this process, we have developed a proprietary system called Varsity I.D. that utilizes a “QUICK COST” tool to provide costs for custom designs; we set retail based off target gross margin using quick costs quotes
 - A very high percentage of apparel is customized to each team’s requirements
 - Pricing is competitive and we differentiate by offering highly customized wear along with high quality material
 - Decorating / Lettering / Embellishment pricing varies based on # of units and colors used
 - Traditionally, overall apparel price increases have been in the ~1.5-2.0% range but will vary by product category

Camp Pricing

- **Objective:** Camps are central to the school ecosystem so Varsity is cognizant to ensure there is a range of price options for different customer segments to maximize participation. We offer home / commuter camps for teams who prefer / cannot afford an overnight camp as well as several overnight options including university, hotel and resort camps
- **High Level Process:**
- Camps prices are reviewed each Fall by camp type
 - Home / Commuter: We review competitor prices by geography (usually local gyms and a few regional camp providers) and pass along a modest price increase based on market conditions (generally ~3%)
 - University / Resort Overnights: We first obtain costs from specific universities and resort and review on a location by location basis. We set prices based on target gross margins and profit per participant year over year. We present recommended prices to each region and hold open dialog sessions to discuss locations that may be price sensitive or have other business factors that may need to be considered for a final cost to customer.
- Actual prices can be quoted as flat prices for a team as well per person costs depending on several factors:
 - Per Person Pricing
 - Most frequent option and is used for a variety of camp types including university, hotel and resort camps
 - Pricing is based directly on the number of participants attending
 - Flat / Per Person Pricing
 - This method is primarily used for Home Camps and prices are set using a per person rate but have a minimum in effect to ensure target margins are maintained
 - Squads with less than 10 participants are billed at the minimum flat rate which would be equal to the yearly per person rate X 10 participants
 - Per Squad Flat Fee Pricing
 - Used in special circumstances for teams who have already attended camp where squad will be billed a flat fee to address coach / team specific needs
 - Typically more maintenance coaching or “add on” camps where we assist for a few hours on specific skills or choreography

School Competition Pricing

- **Local / State**

- Objective for school events is to encourage initial participation and ultimately drive more teams towards national events
- Local school competition market is price sensitive so we do not increase prices every year and try to hold prices relatively stable over time
- To set pricing we look at year-over-year enrollment trends and cost of event
 - If enrollment is flat or increasing we will maintain pricing or pass a very small inflationary adjustment to customers

- **National Events**

- National event prices are set on a per person basis using a target margin above per person costs
- Disney national event pricing schedules are adjusted annually based on contract; we have been gradually increasing prices over time to offset contractual price increases

- **Special Events**

- Special Event package prices are set on a per person basis using a target margin above per person costs

All Star Competition Pricing

Objective: All Star market was created for competition so customers are typically less price sensitive than school competitors. Pricing for All Star events attempts to maximize profitability without sacrificing participation at events due to cost.

High Level Process:

- Pricing begins March each year in advance of next season that begins in November
- Initial price recommendations are collected from each All Star office based on:
 - Historic prices by event type (e.g. 1 Days, 2 Days, World Bid) and current market conditions per event
 - For example, if a particular event is near or at capacity we will initiate price increases or if certain regions are challenged economically we will hold prices flat. We rarely reduce prices unless the event type or offering changes
- Pricing increases are considered for both participant registration and spectator admission
 - Participant registration prices will vary depending on time of registration and type of registration
 - Time of registration dependence
 - Early-bird pricing (lowest possible price) – typically 60 days prior to event
 - On-Time pricing (higher price than early-bird) – typically 30 days prior to event
 - Late pricing (higher price than on-time) – typically less than 30 days prior to event
 - Type of registration dependence
 - Standard participant price – first time participant on a standard cheer/dance team
 - Crossover price – additional registration fee for performing on an additional team
 - Team price – some events charge by the team and not the participant
 - Other categories – categories of teams other than the standard cheer/dance divisions (e.g. exhibition teams, special needs teams, prep teams)
 - Spectator admission prices vary based on customer age (adult, child, senior, military) and length (1 day vs. 2 day)
- Once prices are gathered, team analyzes data across offices by event type to create benchmarks; adjustments are made to ensure consistency across the business
- Once firmed up, prices are reviewed with financial and strategy partners to ensure pricing strategy aligns with budget and strategic expectations
- Average annual price increase vary by event but are typically in the ~1.5% - 2.5% range
- Final pricing is approved and released to customers in April

EXHIBIT 5

**FILED UNDER SEAL
(Excerpt)**

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE

FUSION ELITE ALL STARS,)
et al.,) Case No.
Plaintiffs,) 2:20-cv-02600-SHL-cgc
vs.)
VARSITY BRANDS, LLC, et al.,)
Defendants.)
-----X
JONES, et al.,)
Plaintiffs,) Case No.
vs.) 2:20-cv-02892-SHL-cgc
BAIN CAPITAL PRIVATE)
EQUITY, et al.,)
Defendants.)
-----X

VIDEOTAPED ORAL DEPOSITION OF
JAMIE J. PARRISH

Thursday, March 3, 2022

9:54 a.m. (EST)

11200 Atlantis Pl #C
Alpharetta, Georgia 30022

Stenographically Reported Remotely By:
Mayleen Ahmed, RMR, CRR, CRC, CCR/CSR
Job No.: 831770

125

1 give you three cheerleading competitions. So if
2 anybody -- but we want blackouts from December to
3 April. You can't have another competition here for
4 cheerleading." And that takes up that venue for the
5 entire season.

6 So if you were a competitor and you
7 wanted to have a competition and you came to Atlanta
8 between the few venues that you could have it in,
9 Varsity has events at most all of them. So that --
10 that kind of keeps you from entering the marketplace
11 as -- as a competitor, as a competition director or
12 a competition company.

13 So then, if we can do that, you know,
14 like it used to be I would hear Tres talk about,
15 "Well, so-and-so at so-and-so competition is getting
16 very close to meeting their numbers to get a Worlds
17 bid."

18 So our strategy would be to put a Family
19 Plan event on either side of them on the weekend
20 before and the weekend after, and then we would call
21 our sales team and say, "Hey, try to poach teams off
22 of that -- that event."

23 So the sales teams' jobs -- it's
24 interesting because in other market shares -- say
25 like Walmart. Walmart doesn't know -- you know,

126

1 Walmart doesn't know the sales of its competitors;
2 it only knows what it has. Does it have market
3 share? Sure, it has market share. It doesn't have
4 competitor knowledge. Like, literally, they're
5 booked.

6 Cheerleading is different because all of
7 Varsity competitions -- all a Varsity sales rep has
8 to do is pull up a competition from the year prior
9 and look at all the teams' performance orders.

10 Because cheerleading is very interesting that you
11 have to put a performance order and the division.

12 So, very quickly, you can decipher from
13 the teams that were there how many people were
14 there, how many teams were there; you can
15 cross-check them to your Varsity customer list and
16 sales force, and you can come up with the three or
17 four teams that are not on the Family Plan, and then
18 you can come up with the teams that are on the
19 Family Plan, and then you can, you know, make some
20 deals under the table. Like, "Hey, if you'll come
21 over to this competition, we'll give you three or
22 four athletes," or, "We'll give you some Varsity
23 credits," or, "We'll give you some uniform credits
24 if you'll come over here."

25 And the goal being to pull teams away

127

1 from our competitors in an effort to get their
2 number of participation underneath that requirement
3 set by the USASF Board to give a Worlds bids.

4 And once you -- once they, you know --
5 and then, you know, a competition company within
6 Varsity could then make an appeal to the USASF Board
7 that that particular company had lost its USASF
8 Worlds bid requirement by not having "X" amount of
9 teams, and then that -- then the Worlds bid gets
10 taken, and then, poof, there goes that competition.

11 If they "poof, goes that competition,"
12 then that opens them up for various things like, you
13 know, buying them out, or they just go away.

14 Q. And did that actually happen, the
15 situation you just described with Varsity planting
16 its own event and driving down numbers at --

17 A. It was common practice.

18 Q. Excuse me?

19 MR. KAISER: Objection.

20 A. It was common practice.

21 Q. And the side "deals under the table," as
22 you referred to them, did those actually happen?

23 MR. KAISER: Objection.

24 A. Completely.

25 Q. With any frequency?

177

1 A. Yes. "Notes." "Notes."

2 Q. On the page -570, it says "Notes."

3 A. Yes.

4 Q. So right, right above the words "New
5 Requirements," it says -- do you see the bullet that
6 says: "Get rid of any competitors, make it so that
7 teams couldn't go to IEP"?

8 Do you see that?

9 A. Yes.

10 Q. What does that mean?

11 A. Exactly what it sounds like. That, at
12 all costs, get rid of IEPs. Make it so teams can't
13 go -- make it physically, just absolutely, if you
14 can't get a World bid, and you can't get a Summit
15 bid, and you -- and it's going to cost you way more
16 and we're going to make it...

17 You know, when you have -- when you're
18 that big, you can price things so strategically that
19 if teams -- I mean, if you're going to pay me \$500
20 to go to a Varsity competition or pay me nothing to
21 go to an IEP, I'm going to go to the Varsity
22 competition. That's how you get rid of IEPs.

23 Q. And when you say --

24 A. Because it's --

25 Q. Go ahead. Sorry.

178

1 A. It just makes it too hard for a
2 competitor to offer a competitive, a competitive
3 good or service.

4 Q. And when you say "get rid of them," did
5 you mean put them out of business?

6 A. Yes.

7 MR. KAISER: Objection.

8 Q. And when you were the director of
9 strategy for Varsity, did you understand that that
10 was a goal of Varsity's?

11 MR. KAISER: Objection.

12 A. It was commonplace in our executive
13 team, in and out of the office, on the phone, all
14 the time, we were very, very determined to make sure
15 that Varsity -- we didn't want IEPs coming into the
16 market. It's just like any other company.

17 No other company, you know, wants it.
18 Now, how -- how you go about doing that, you know,
19 some people will just say, "Provide a superior
20 product at a better price."

21 But I think some of the levels that we
22 went to to achieve this were a bit questionable.
23 That's just my personal opinion.

24 Q. So when you said, you know, in the
25 company on the phone, etcetera, who were you

306

REPORTER'S CERTIFICATE

I, MAYLEEN AHMED, the undersigned, do
hereby certify:

That the witness, JAMIE J. PARRISH,
before examination was remotely duly sworn; that the
foregoing deposition was taken remotely
stenographically by me on March 3, 2022, and
thereafter was transcribed by me; that the
deposition is a full, true, and complete transcript
of the testimony; and that, in accordance with
FRCP 30(e)(1), before completion of the proceedings,
review of the transcript was not requested and
signature was not reserved by the witness. I
further certify that I am not a relative or employee
of any attorney or counsel or any party to this
action, and that I am not financially interested in
said action or the outcome thereof.

In WITNESS WHEREOF, I have hereunto set
my hand this 14th day of March 2022.



/s/ MAYLEEN AHMED, RMR, CRR, CRC
Washington CCR No. 3402 - Exp 12/29/22
Oregon CSR No: 17-0447 - Exp 12/31/23
Texas CSR No: 9428 - Exp 7/31/23
California CSR No: 14380 - Exp 12/31/22
New York Notary Public

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE

FUSION ELITE ALL STARS, et al.,)
)
Plaintiffs,) No.2:20-cv-
) 02600-SHL-cgc
vs.)
)
)
VARSITY BRANDS, LLC, et al.,)
)
Defendants.)

JONES, et al.,)
)
Plaintiffs,) No.2:20-cv-
) 02892-SHL-cgc
vs.)
)
)
BAIN CAPITAL PRIVATE EQUITY,)
et al.,)

HYBRID VIDEOTAPED CONTINUED DEPOSITION OF
VOLUME II
JAMIE J. PARRISH
Thursday, March 17, 2022

Reported by:
LISA M. MURACO
JOB NO. 2022-836012

476

1 J. Parrish

2 BY MR. SAVERI:

3 Q. And then Mr. Stoller writes:

4 Varsity signs multi- year supply contracts with
02:09 5 gyms, giving them a cash rebate if gyms send
6 their cheerleaders to Varsity competitions and
7 buy Varsity equipment.

8 Based on your knowledge and

9 experience in the industry, is that a correct
02:10 10 statement, sir?

11 MR. KAISER: Objection.

12 A. Yes.

13 Q. Let's flip to the next page.

14 At the top of the -- of that page

02:10 15 there's a quote. It says: Varsity has control
16 over cheerleading at every level of the U.S.
17 and abroad. There is no resistance.

18 Do you see that?

19 A. Yes.

02:10 20 Q. Is that quote an accurate
21 description of the market?

22 MR. KAISER: Objection.

23 A. Yes. I don't know if my answer
24 could be longer than a yes, but I have --

02:11 25 Q. Yes, yes, Mr. Parrish, you can

477

1 J. Parrish

2 certainly explain your answer.

3 MR. KAISER: Objection. That's not
4 a question.

02:11 5 BY MR. SAVERI:

6 Q. Mr. Parrish, would you like to
7 expand on the answer to the previous question?

8 MR. KAISER: Objection.

9 A. Sure. So when Varsity runs the
02:11 10 USASF, they're in control over everything that
11 happens in All Star cheerleading in the
12 country. When Varsity administers the -- the
13 national championships, the national high
14 school championships solely, they take over the
02:11 15 entire high school competition space. And it
16 is not a publicly -- it's not like all of the
17 states come together and do it. Varsity runs
18 it, owns it.

19 And then the IASF, which was a
02:11 20 Varsity company also, they run, you know,
21 everything. And Varsity has always maintained
22 the majority of the seats on the board, and the
23 other seats occupied on all of these boards
24 were -- in the All Star community were normally
02:12 25 people who benefited from a family plan or a

478

J. Parrish

network agreement, and then on the high school level it was normally a coach that participated in camps with their teams or competitions with their teams. And now we have the development of USA Cheer and -- and -- and the ICU, the International Cheer Union, and they pretty much control that.

So I guess, the answer is absolutely. They control the I -- the ISF, the IASF, the USASF, and high school nationals. Yeah, I would say that they do control.

MR. KAISER: Objection. Move to strike.

BY MR. SAVERI:

Q. Thank you.

Mr. Parrish, did Varsity lobby to prevent cheerleading from being considered a sport?

MR. KAISER: Objection.

A. In the beginning -- in the beginning I feel like there was a -- there were a lot of people who were saying, Are we really governed by a proper governing body, and that started happening and it was not advantageous for

803

C E R T I F I C A T E

STATE OF NEW YORK)

) ss.:

COUNTY OF NEW YORK)

I, LISA M. MURACO, a Notary Public
within and for the State of New York and
Florida, do hereby certify:

That JAMIE PARRISH, the witness whose
deposition is hereinbefore set forth, was
duly sworn by me and that such deposition
is a true record of the testimony given by
such witness.

I further certify that I am not
related to any of the parties to this
action by blood or marriage; and that I am
in no way interested in the outcome of this
matter.

IN WITNESS WHEREOF, I have hereunto
set my hand this 23rd day of March, 2022.

Lisa Muraco

LISA M. MURACO

EXHIBIT 6

FILED UNDER SEAL

Bain Capital

Project Hercules Interim IC

17 October 2014

Josh Bekenstein
Tyler Biddix
Tim Brown
Chris Chen
Ryan Cotton
Christian Jitianu
Adam Nebesar
Jonathon Penn
Ben Prawdzik
Will Tetler
Jennifer Xia

Project Hercules**Investment Thesis**

- **Varsity Brands is a portfolio of 4 businesses operating largely independently today; each are market leaders with scale advantages and sticky sales relationships, but with different underlying growth dynamics**
 - Herff Jones Yearbook is in slow, stable, long-term secular decline due to declining relevance and growing low-end competition
 - Herff Jones Achievement is a portfolio of products sold through a different set of reps; most of the profit pool is stable but some products in decline (e.g., high-end high school graduation announcements)
 - BSN Sports is a fast-growth (20%+ CAGR) equipment and uniform distributor driving industry consolidation
 - Varsity Spirit owns the cheerleading market, a stable end market (with some macro sensitivity) and growing through innovation
- **In many ways, this is a classic "low/low" deal with and 9x EBITA entry multiple (8x with pro-forma credit for \$35M cost opportunity) with most of value creation in early years creating early recap and exit optionality... but, also comes with a relatively narrow (and we believe balanced due to limited correlation in businesses) fan**
- **We believe there are two significant value-creation opportunities which provide an interesting investment opportunity despite predictable, secular declines in portions of the profit pool**
 1. A \$50M+ cost opportunity, largely at legacy Herff Jones, that the new management team is eager to execute against and accelerate, but has been constrained by their board and the ESOP structure
 - Legacy U.S. manufacturing business, with redundant regional plants, run by and for plant-level employees, and historically protected from market forces by a high margin sales channel (e.g., manufacturing disposable gowns in Champaign, IL)
 - Huge corporate overhead (e.g., ~120 IT employees vs. 16 at BSN) and rich compensation and benefits
 - Zero post-merger integration to date (3 headquarters, 3 finance, 3 IT, 3 HR, 3 legal departments)
 2. Significant headroom for continuation of BSN growth trajectory
 - 3x RMS but ~10% share in a fragmented market served by local mom & pop dealers
 - Growth driven by significant scale advantages, which make BSN the best home for top sales reps
 - Currently at 450 reps and adding 70 net per year (100 gross) with scalable IT platform and training/orientation capability
 - Additional "option ticket" from potential cross-sell and leveraging of product breadth (hard to underwrite, but widens upside)
 - Additional upside, but not something we have diligenced, is add-on acquisitions using the same sales reps and/or systems
- **Also believe that the process has narrowed in the face of a nearly impossible timeline in which to diligence 4 companies**
 - We believe 1, maybe 2, competitors will submit bids on Tuesday; all will be challenged by a tough financing market
 - We have continued to build a strong relationship with senior management including a trip to Boston by the CEO on Tuesday

Bain Capital

2

Project Hercules**Where We're At**

In the past 20 days we "scrambled the jets" – a full squadron – and have accomplished a lot...

- **11 NAPE team members and 100+ members of the broader Bain team** in the dataroom
 - **K&E** (legal)
 - **PWC** (accounting)
 - **Parthenon** (school decision-maker surveys & interviews)
 - **Research Now** (consumer surveys and sales rep survey)
 - **Marsh** (insurance)
 - **Environ** (site visits & environmental assessment)
 - **Mercer** (compensation benchmarking)
 - **Genpact** (cost opportunity)
 - **PWC Ops Group** (cost opportunity)
 - **Goldman M&A** (exit)
 - 5 financing banks
- **100+ hours of management time** across 4 independently managed businesses with 3 independent finance, legal, HR back offices
 - Includes ~25 hours of BCP-led business diligence

...but obviously, there are trade-offs in a process this compressed and more we wish we knew

- Deeper conviction in full potential cost opportunity and time required to achieve
- Deeper understanding of discounting and price declines in yearbook and real like-for-like pricing data as well as deeper micro-driver analysis
- Regional competitive dynamics in BSN
- More clever analytics to better test and quantify the cross-sell opportunity
- Deeper analytics and precision on fixed / variable costs and margin scaling / descaling as different segments grow and shrink

Where we "don't know" we have tried to lean back or rely on our best judgment; on balance, believe fan around uncertainty evenly distributed to slightly positive... Fundamentally, believe overall deal fan to be narrow

Bain Capital

3

Project HerculesSummary Thoughts

At the end of the discussion, we think...

... you will be interested if you believe...

- Buying a fundamentally decent businesses with enduring value to the platform and relatively low volatility of potential outcomes (in total)
 - Herff comes with sticky and stable customer relationships via relationship driven salesforce and economies of scale that are difficult to disrupt
 - BSN provides real growth potential
 - Varsity fundamentally a good / stable business
- Cost opportunity is real and material
 - Opportunity due to ESOP legacy
 - Cost actions are in process and happening deal or no deal
- We are buying well
 - "Low / low" deal
 - Transaction structure and asset step-up on Herff Jones creates tax shield and exit optionality
- We are partnering with a strong management team
 - Aggressive and hungry
 - Innovative and proven winners in respective industries
 - New blood and energy on sleepy HJ business

... you may not be interested if you believe...

- Platform has diminishing value and disruptive threats are high probability and/or imminent
 - High cost salesforces do not provide commensurate value to customers; anachronistic in an internet world
- Secular headwinds are likely to accelerate
 - Profit pool risk in yearbooks, class rings, announcements
- Cost thesis is unappealing
 - Org challenges around comp and headcount reductions
 - Limited appetite for executional risk, etc.
 - Disruption risk in comp realignment
- Exit may be challenged
 - Low growth but limited ongoing cost take-out potential
 - Hard IPO story and no obvious strategies

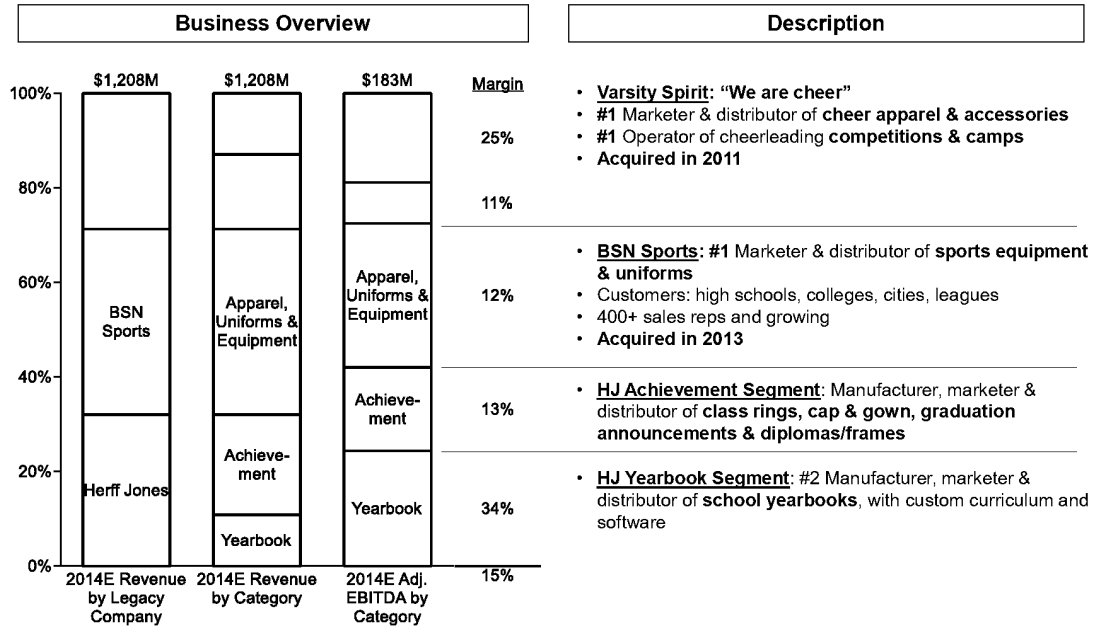
Objectives for the Conversation

- | | |
|--------|---|
| 20 min | Upfront framing of deal (through p. 18) |
| 90 min | Review diligence findings, pausing for Q&A discussion on each segment |
| 30 min | Open discussion |
| 10 min | Discuss pricing and next steps / follow ups |

Bain Capital

Project Hercules**Business Overview**




*Recently combined portfolio of complementary businesses
selling to and through schools*



Bain Capital




5

Project Hercules**Business Framing** (1 of 2)



	 HERFF JONES®		 BSN SPORTS	 VARSITY
	Yearbook	Achievement		
Market Position	<ul style="list-style-type: none"> • #2 (to Jostens) • ~20% share • 0.5x RMS 	<ul style="list-style-type: none"> • #1 / #2 by product • 20-30% share • 0.8-1.0x RMS 	<ul style="list-style-type: none"> • #1 • ~10% share • 2x+ RMS 	<ul style="list-style-type: none"> • #1 • 50-80% share • 2-10x+ RMS
Characteristics	<div> <div>←</div> <div>• Lots of customers</div> <div>→</div> </div> <div> <div>←</div> <div>• Long-term sales relationships</div> <div>→</div> </div> <div> <div>←</div> <div>• Long lead times</div> <div>→</div> </div> <div> <div>←</div> <div>• Rapid supply chain</div> <div>→</div> </div> <div> <ul style="list-style-type: none"> • Yearbook advisors • Student pay • Curriculum matters • Quality & service are important </div> <div> <ul style="list-style-type: none"> • Administrators • Mostly student pay • Portfolio of products often sold as a "graduation package" </div> <div> <ul style="list-style-type: none"> • Coaches / Ads • Mostly school pay • High value to school (customization & service) and brands </div> <div> <ul style="list-style-type: none"> • Cheer coaches • Student pay • High service model (custom uniforms made to order) </div>			
Management Philosophy	<div> <div>←</div> <div> <ul style="list-style-type: none"> • Run for employees • Resistant to change • Legacy manufacturing orientation </div> <div>→</div> </div> <div> <div>←</div> <div> <ul style="list-style-type: none"> • Run aggressively • Aggressively driving change • Capital light </div> <div>→</div> </div>			
Bain Capital				

Project Hercules

Business Framing (2 of 2)

	 HERFF JONES®		 BSN SPORTS	 VARSITY
	Yearbook	Achievement		
Current Trending	<ul style="list-style-type: none">• Slow decline• Moderate buy rate declines + moderate pricing pressure	<ul style="list-style-type: none">• Slow decline• Declining ring & announcements• Stability/growth in cap & gown and diploma	<ul style="list-style-type: none">• Rapid growth• Driven by growth of salesforce as BSN consolidates mom & pop industry	<ul style="list-style-type: none">• Moderate growth• Driven by innovation in competitions
Outlook	<ul style="list-style-type: none">• Continued slow decline with price pressure	<ul style="list-style-type: none">• Continued slow decline, but increasing shift to stable businesses	<ul style="list-style-type: none">• Moderate to rapid growth as consolidation & sales force expansion continues	<ul style="list-style-type: none">• Slow growth through continued innovation
Key Risks	<ul style="list-style-type: none">• Competitive disruption drives pricing reset	<ul style="list-style-type: none">• Ring & announcement profit pools decline	<ul style="list-style-type: none">• Sharp decline in football participation or competition for reps intensifies	<ul style="list-style-type: none">• Macro
Bain Capital				

Project HerculesDeal Context

Company History & Structure	Management Team
<ul style="list-style-type: none">• Herff Jones is a U.S. manufacturing business, founded in 1920, which endures largely unchanged due to a highly productive sales channel• Acquired by ESOP in 1989/1995 from Carnation and employee owned since• Acquired Varsity and BSN in 2011 and 2013 in effort to diversify away from declining core; Varsity and BSN were PE-owned (LGP and Onex) and entrepreneurially managed, by Varsity founder and BSN founder's son• No business integration to date (3 separate headquarters, ERPs, back offices), but Varsity and BSN CEOs now in charge of the combined business• Unable to pursue aggressive transformational agenda due to constraints of ESOP structure; retirees create ongoing cash drain which is compounded by any restructuring action	<div><div>Jeff Webb CEO Founded Varsity in 1974</div></div> <div><div>Adam Blumenfeld CEO, BSN Son of BSN Founder</div></div> <div><div>Terry Babilla</div><ul style="list-style-type: none">• BSN President• 19 years at BSN, previously law partner</div> <div><div>John Nichols</div><ul style="list-style-type: none">• Varsity GM• 21 years at Varsity, CPA advisor to Varsity</div> <div><div>Tom Tanton</div><ul style="list-style-type: none">• Herff Jones President• 30 years at BSN, started as yearbook rep</div> <div><div>John Pitts</div><ul style="list-style-type: none">• CFO• CFO of BSN since 2007, previously CFO of Horizon Health</div>
Bain Capital	

Project Hercules**Cost Opportunity**

Significant cost opportunity possible because ESOP structure prevented the new management team from fixing things that are obviously broken

**High cost domestic
manufacturing footprint**

"There is no reason why we should still be cutting and sewing disposable graduation gowns in Champaign, IL..."
- Herff mgt. team

- 12 US based plants making labor intensive products
- Underutilized facilities operate on single shift schedule most of the year
- Many years behind competitors in lean initiatives, outsourcing aspects of the value chain, and moving capacity offshore

**Complicated and
inefficient IT
infrastructure**

"Spending levels 3x peer group, staff levels 3-4x peer group...unclear alignment between business strategy and IT investments"
- Gartner study

- 13 different ERP systems at Herff alone
- 50-60 servers
- High cost to support antiquated custom applications when simpler, cheaper, better SAAS solutions exist

**Too much headcount
across Herff
(w/ above-market pay and
gold-plated benefits)**

"Total remuneration levels for legacy Herff Jones above the competitive range"
- Mercer

- Low labor productivity across functions
- Herff's 401(k) match is above-market and 5-15x more generous than BSN or Varsity
- Herff employees have more expensive plans and contribute less than BSN or Varsity

**Inefficient backoffice
with (almost) no
integration with BSN
and Varsity**

"They operate as 3 distinct entities...management does not seem to discuss holistic business matters"
- PWC Ops

- Overlapping backoffices in HR, F&A, and IT
- A lot of manual processes
- No integration yet except for a shared corporate insurance policy and shared FedEx
- Immature sourcing organization

Bain Capital

9

Project Hercules**Cross-Sell Opportunity**

We don't believe it's a game-changer, but on the margin, believe there is upside from cross-selling

Cross-sell not game-changing...

- **Different touch points and rep profiles**
 - BSN: Athletic director/ coach (rep: "local guy", former coach)
 - VS: Cheer coach (rep: former cheerleader/ coach)
 - HJ Yearbook: Yearbook advisor (rep: technologically savvy, good at communicating with students)
 - HJ Achievement: Principal (rep: buddies with principal, autonomous)
- **Customer dynamic needs to shift to really enable cross-sell**
 - More regional procurement
 - More administrator oversight

There are currently different salesforces for a reason

...but can take many different forms...

- **Warm introductions & referrals**
 - Occurs every day
 - New team in place to facilitate
- **School-wide solutions**
 - District by district, school by school appetite
 - Some "savvy" young school leaders get the value; traditionalists don't see the incentive
- **District-wide solutions**
 - No real move to district centralization
 - But... some evidence that this is / has worked at "leading edge" schools

For now, we've included no benefit from cross-sell

... and anecdotally has worked in the past**Chaparral Case study:**

- HJ rep helps Chaparral HS re-brand, encouraging engagement and pride in schools w/ new logo and mascot design, signage, business cards for staff, briefcases for admin, custom cap & gown, etc.
- Initiatives helped boost graduation rate from 32% to 70+%, principal at Chaparral GS promoted to Superintendent in Clark County
- Significant increase in Varsity sales

Mississippi Case study:

- BSN capitalized on a strong relationship Herff has with a district in Mississippi to sign a contract and supply all the athletic equipment for the 6 schools in the district, increasing annual sales from \$60k to \$1M+ per year

Bain Capital

Note: BSN field sales only, YE 2013 footprint, Sept 2014 rep count
Source: BSN Detailed Customer Information, HJ Yearbook Sales by Customer, VSF Entered Sales 2010-TYD 09-2014

10

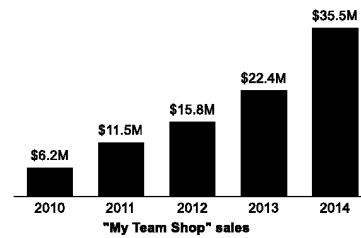
Project Hercules**Cross-Sell Enablers**

Clearly places where potential exists and Varsity has differentiated tools / offerings

High Territory Overlap
(Illustrative Example)

Several Enabling Technologies for
Direct-to-Parent Cross-Sell

- “My Team Shop” direct to parent online sales platform



- Live sports streaming JV partner (PlayOn) → ad platform
- Artwork database for 35K+ schools across the US
- Student and parent contact information (CRM)

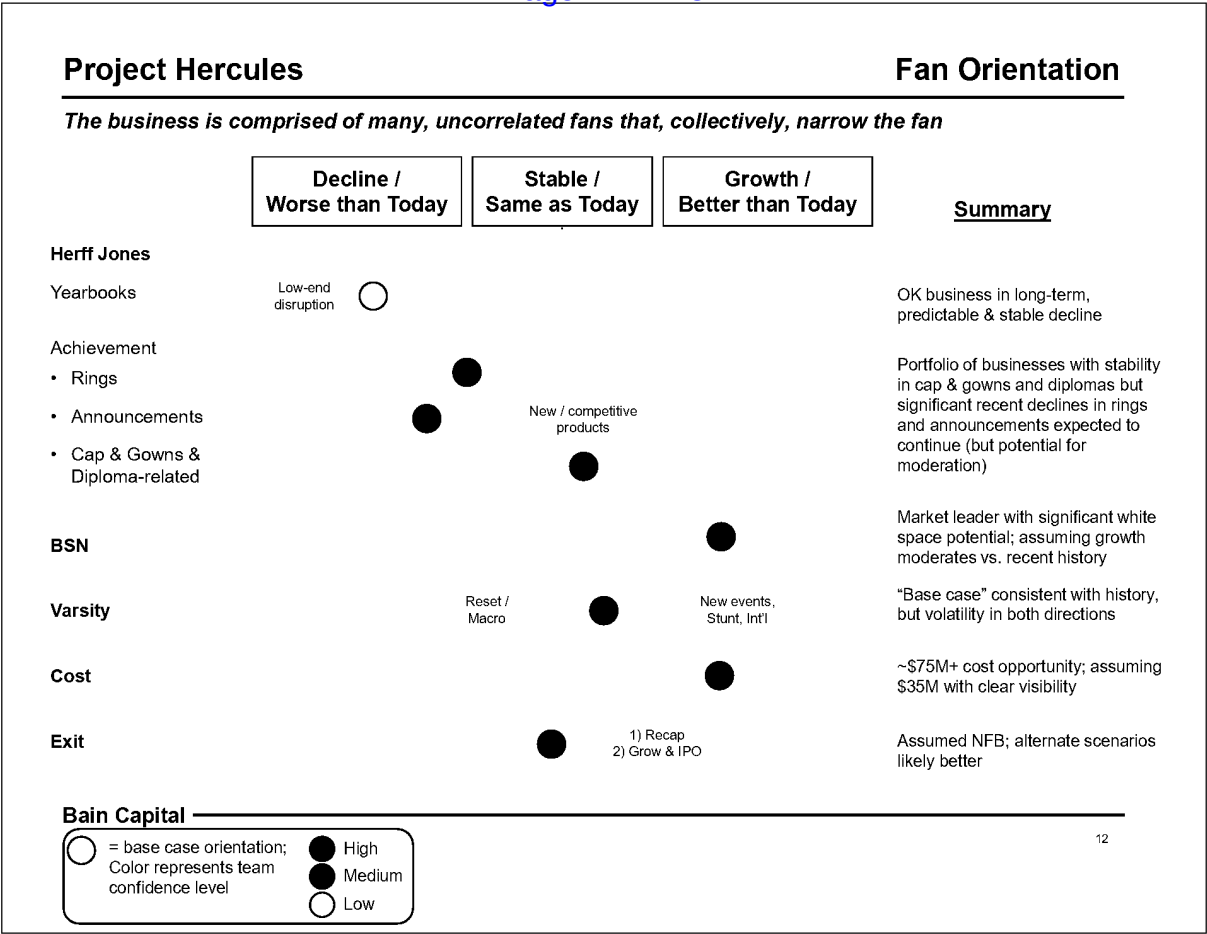
*Plenty of warm introductions to be made
& company only recently began to focus here
with creation of “Synergy Team”*

*Strong launching platform for next generation of
online cross-sell*

Bain Capital

Source: BSN MP

11



Project Hercules**Entry Multiple***Because we are "buying right," attractive cash flow yield before full-potential cost savings*

	2014E Profitability			At \$1.45B Purchase Price			
	EBITDA	E-C	Unlever. FCF	EBITDA	E-C	Unlevered FCF Yield	Levered FCF Yield
Reported	\$139	\$116					
plus: ESOP	\$28	\$28					
plus: LTIP	\$20	\$20					
plus: Additional Adjustments	\$6	\$6					
Mgmt Adjusted	\$193	\$170	\$107	7.5x	8.5x	7%	15%
Less: PwC QoE	(\$10)	(\$10)					
QofE Adjusted	\$183	\$160	\$101	7.9x	9.0x	7%	13%
BSN Run-Rate	\$1	\$1					
Near-Term Cost Savings	\$13	\$13					
Pro-Forma Adjusted	\$196	\$174	\$109	7.4x	8.3x	8%	15%

Bain Capital

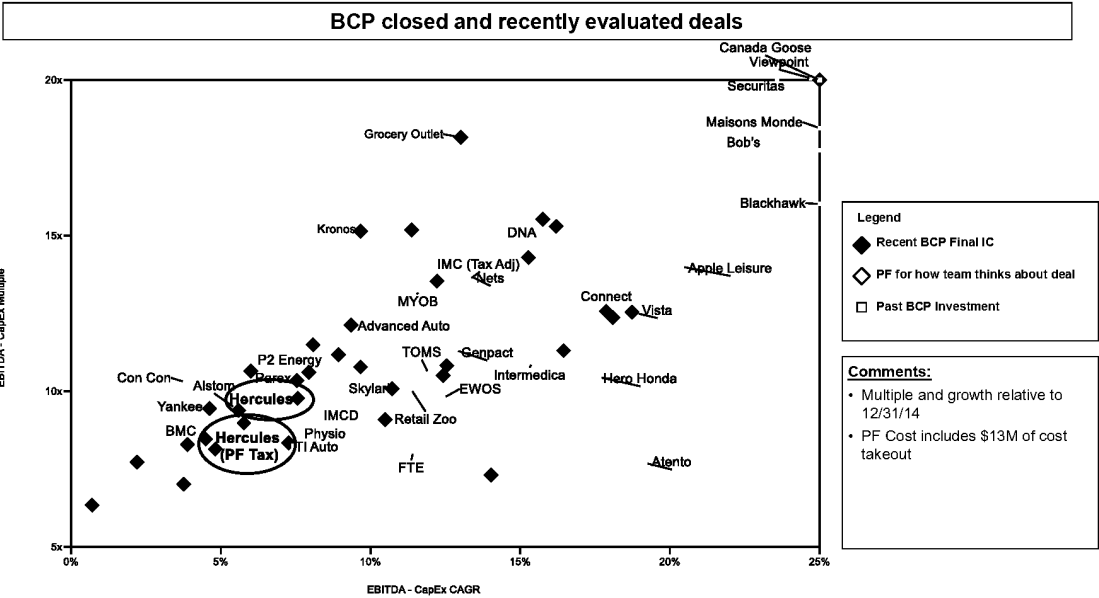
13

Project Hercules

IC Tools

Hercules @ \$1,450M

Entry Multiple vs. Growth

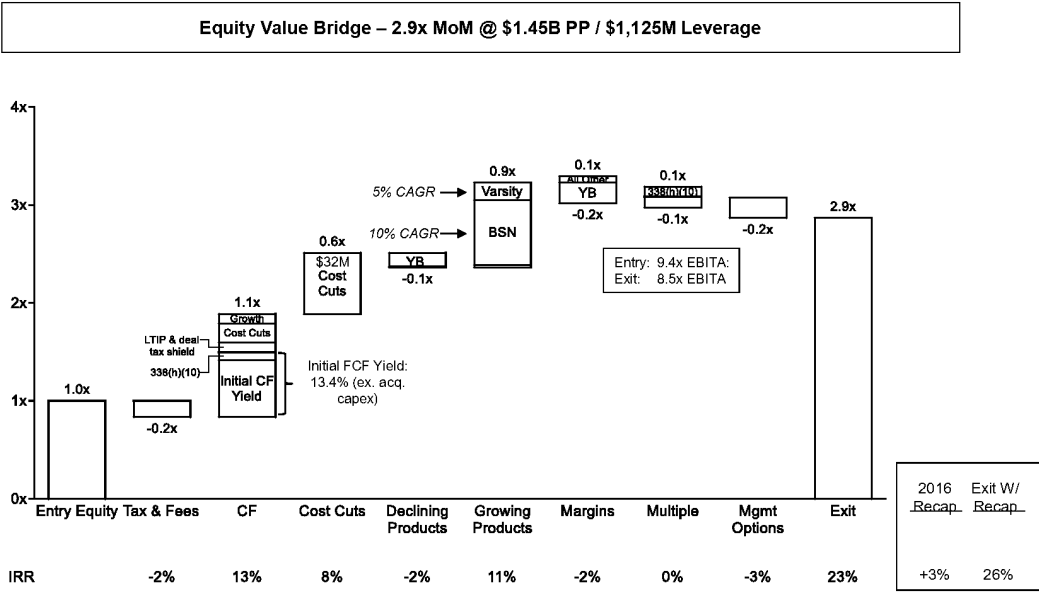


Bain Capital

Source: BCP Final Credit Committee packs since 2004. TEV based on actual purchase price for actual deals and on BCP final or last bids for deals that were not completed.

Project Hercules

Equity Value Bridge








Bain Capital

Note: Assumes recap to 5.5x leverage at end of 2016, 3% fees & 100% DEB

15

Project Hercules**Key Issues**

	Opportunities / Risks	Summary Findings & Team POV	Confidence
① Cost Opportunity	<ul style="list-style-type: none"> Sizing & achievability 	<ul style="list-style-type: none"> \$75M+ opportunity driven by (a) legacy ESOP, (b) U.S. labor-intensive manufacturing, (c) no integration Believe that with more work, would identify more 	
② Yearbook	<ul style="list-style-type: none"> Price declines and risk of low-end disruption Impact on margin structure 	<ul style="list-style-type: none"> Steady glide path today, and we believe changes will happen glacially given stability of sales relationships Have assumed substantial margin impact (instead of sharing pain with reps) 	
③ Achievement	<ul style="list-style-type: none"> Stability of cap & gown and diploma businesses Durability of ring and announcement profit pools 	<ul style="list-style-type: none"> Most of profit pool today resides in stable / growing businesses that are unlikely to change Assume continued declines but recent signs of ring stability and opportunities for innovation in announcements 	
④ BSN Sports	<ul style="list-style-type: none"> Continued headroom for growth through industry consolidation 	<ul style="list-style-type: none"> Early innings of consolidation with ~10% share in a large, growing market currently served by legacy mom & pop dealers who are increasingly disadvantaged vs. BSN 	
⑤ Varsity Spirit	<ul style="list-style-type: none"> Durability of new profit pools Growth headroom 	<ul style="list-style-type: none"> Leading platform brands in an attractive, stable market A bet that the team can continue to innovate around that platform to drive the growth of the sport 	
⑥ Deal Considerations & Exit	<ul style="list-style-type: none"> Structure & journey Appetite for restructuring Ability to exit 	<ul style="list-style-type: none"> Asset deal for HJ creates tax shield and inside basis, which creates optionality to split up the business Cost oppt'y creates early recap potential Likely sponsor exit but potential to IPO with growth upside 	

Bain Capital

18

Project Hercules**Fan of Outcomes**

		Downside	Base Case Orientation	Upside	
①	Cost Opportunity	<ul style="list-style-type: none"> \$25M and takes longer than expected to achieve 	(245 bps) (0.3x)	<ul style="list-style-type: none"> Achieve \$35M (by 2018) of cost actions developed internally by HJ and currently under way 	• \$50M by 2017 331 bps +0.4x
②	Yearbook	<ul style="list-style-type: none"> "Price pressure worsens": churn and ASP accelerate (6%) rev → (\$27M) 	(148 bps) (0.2x)	<ul style="list-style-type: none"> "Trends continue": (3%) buy rate + (1.5%) price driven by reset on churn (4%) rev / (8%) EBITDA → (\$20M) 	<ul style="list-style-type: none"> "Some improvement": pressure moderates (2%) rev → (\$13M) 123 bps +0.1x
③	Achievement	<ul style="list-style-type: none"> Ring and announcement declines accelerate (2%) rev → (\$10M) 	(222 bps) (0.2x)	<ul style="list-style-type: none"> Ring declines moderate and announcement declines continue 0% rev / 0% EBITDA → +\$1M 	<ul style="list-style-type: none"> Ring rebound & announcements stabilize 2% rev → +\$11M 174 bps +0.2x
④	BSN Sports	<ul style="list-style-type: none"> 30 net new reps / year as market gets competitive +7% rev → +\$25M 	(112 bps) (0.1x)	<ul style="list-style-type: none"> 60 net new reps / year (vs. 70 recently) with 2%/year catalog cannibalization +10% rev / +8% EBITDA → +\$35M 	<ul style="list-style-type: none"> 100 net new reps / year to double rep base +14% rev → +\$54M 222 bps +0.3x
⑤	Varsity Spirit	<ul style="list-style-type: none"> Macro dip with moderate recovery below today 0% rev → (\$7M) 	(513 bps) (0.5x)	<ul style="list-style-type: none"> Apparel growth moderates and competitions continue share gain +5% rev / +5% EBITDA → +\$15M 	<ul style="list-style-type: none"> Continued innovation (e.g., STUNT) +6% rev → +\$25M 251 bps +0.3x
⑥	Deal Considerations & Exit	<ul style="list-style-type: none"> "Perpetual recap" equivalent = ~7x EBITA 	(722 bps) (0.7x)	<ul style="list-style-type: none"> Sponsor exit at 8.5x EBITA 	<ul style="list-style-type: none"> IPO exit at 9x EBITA = 13x Fwd P/E 207 bps +0.2x

2.9x MOM / 23% IRR Recap: +3%**Bain Capital**

17

Project Hercules**Agenda**

- ① Cost Opportunity
- ② Yearbook
- ③ Achievement
- ④ BSN Sports
- ⑤ Varsity Spirit
- ⑥ Deal Considerations & Exit
+ Pricing Discussion

Bain Capital

18

Hercules**① Cost Opportunity**

- Management's \$35M of identified cost initiatives is "only the tip of the iceberg"
 - \$17M of savings from plant consolidation and benefits harmonization are already underway (\$3M realized in CY 2014)
 - Additional \$18M identified from specific initiatives happening over the next few years
- BCP team and army of advisors (PWC Ops, Mercer, GenPact, Clearview) think there is at least \$15-20M more savings in Herff Jones alone
 - High conviction in management's \$35M of identified initiatives
 - Think \$75M (or more) is achievable if we can fully integrate Herff with BSN and Varsity and outsource backoffice functions
- Significant savings opportunity in-line with realized savings of PE-owned competitors
 - Visant (KKR) and AAC (Fenway) have aggressively restructured over the last decade; Herff is years behind

***Underwriting \$35M run-rate savings in the base case, but
think fan is asymmetric to the upside***

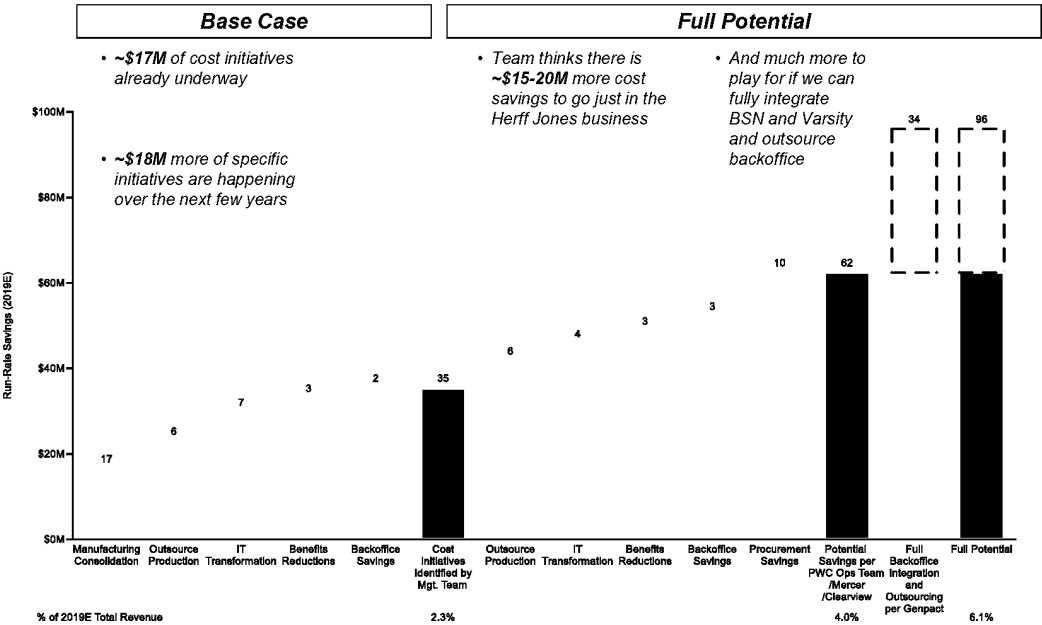
Bain Capital

19

Project Hercules

① Cost Opportunity

Team has confidence in identified initiatives; underwriting \$35M in the base case, but we think there is much more here to play for...



Bain Capital

Source: PWC, Mercer Consulting, Genpact, Clearview, BCP Analysis.

20

Project Hercules**① Cost Opportunity****Advisors completed a detailed review of initiatives—validated opportunity and identified more savings**

Identified Initiative	Plan	Identified Cost Opportunity		Year Realized	Advisor Support	G/Y/R	Fan of Outcomes		
		By Management	By Advisors				Downside	Base Case	Upside
Yearbook Consolidation	Phased consolidation of 4 YB plants into 1 KC plant			2016	PWC Ops	G	\$8.3	\$8.3	\$8.2
Fine Paper Consolidation	Close Iola plant; 105 FTEs			2016	PWC Ops	G	\$0.9	\$0.9	\$0.9
Fine Paper Consolidation	Move production to Fine Paper printing facility; 35 FTEs			2017	PWC Ops	G	\$1.0	\$1.0	\$1.0
Fine Paper Consolidation	Run-rate fixed cost savings from Iola closure			2015	PWC Ops	G	\$0.4	\$0.4	\$0.4
Post-consolidation efficiencies	Eliminate VP of Operations & Controller (combine resp.)			2016	PWC Ops	Y	\$0.4	\$0.4	\$0.4
Post-consolidation efficiencies	DL and IL efficiencies at consolidated YB facility			2015	PWC Ops	Y	\$0.7	\$1.0	\$1.3
Post-consolidation efficiencies	DL and IL efficiencies at consolidated FP facility			2015	PWC Ops	Y	\$1.0	\$1.0	\$0.6
Post-consolidation efficiencies	DL and IL efficiencies at consolidated Jewelry facility			2015	PWC Ops	Y	\$1.0	\$1.0	\$0.8
Cap & Gown Consolidation	Move Champaign C & G production to Arcola			2017	PWC Ops	Y	\$1.0	\$2.6	\$2.9
Total Manufacturing Consolidation		\$16.5	\$16.5				\$14.6	\$16.5	\$16.5
Jewelry Consolidation	Outsource ring finishing to Mexico; 74 FTEs			2015	PWC Ops	G	\$3.4	\$3.4	\$3.5
Additional YB Print/Bind Outsourcing	Outsource remaining YB production to print/bind provider			2018	PWC Ops	Y	\$0.0	\$0.0	\$2.2
Rings - Full Outsourcing to Mexico	Outsource 50k more jewelry units to existing partner			2015	PWC Ops	G	\$0.8	\$0.8	\$0.8
Rings - Full Outsourcing to Mexico	Outsource remaining jewelry volume to existing partner			2018	PWC Ops	G	\$0.0	\$0.0	\$3.3
Indianapolis Outsourcing	Outsource remaining Indianapolis print/announcer, prod.			2018	PWC Ops	Y	\$0.0	\$0.0	\$0.8
Cap & Gown Outsourcing	Outsource disposable C&G manufacturing			2017	PWC Ops	Y	\$2.3	\$2.3	\$2.3
Total Outsourced Production		\$6.5	\$12.9				\$6.5	\$6.5	\$12.9
IT Transformation	Downsize IT employee base; 46 FTEs			2017	PWC Ops	Y	\$4.7	\$4.7	\$4.7
IT Transformation	Reduce ERP count from 13 to 5			2017	PWC Ops	Y	\$2.0	\$2.0	\$2.0
IT Transformation	Target IT spend of 4% of sales			2019	PWC Ops	Y	\$0.0	\$0.0	\$4.0
Total IT Transformation		\$6.7	\$10.7				\$6.7	\$6.7	\$10.7
401(k) matching	Conform HJ plan to BSN and Varsity levels			2015	PWC Ops / Mercer	Y	\$2.1	\$3.0	\$3.0
Active Medical Alignment	Conform HJ benefits package to BSN and Varsity levels			2015	PWC Ops / ClearView	Y	\$0.0	\$0.0	\$3.0
Total Benefits Reductions		\$3.0	\$6.0				\$2.1	\$3.0	\$6.0
Finance Function Consolidation	Finance department headcount reduction			2015	PWC Ops	Y	\$0.1	\$0.1	\$2.9
HR Function Consolidation	HR department headcount reduction			2015	PWC Ops	G	\$0.4	\$0.4	\$1.1
Corporate Marketing	Eliminate 1 corporate marketing FTE (salary and burden)			2015	PWC Ops	G	\$0.2	\$0.2	\$0.2
Eliminate Innovation Employees	Eliminate 2 FTEs in innovation dept. (salary and burden)			2015	PWC Ops	G	\$0.2	\$0.2	\$0.2
Executive Position Elimination	Eliminate 1 executive position (salary and burden)			2015	PWC Ops	G	\$0.3	\$0.3	\$0.3
College Sales Management	Eliminate 3 sales managers (salary and burden)			2015	PWC Ops	G	\$0.5	\$0.5	\$0.5
Scholastic Sales Management	Restructure Achievement salesforce			2015	PWC Ops	G	\$0.6	\$0.6	\$0.6
Total Backoffice Savings		\$2.4	\$5.8				\$2.4	\$2.4	\$5.8
Direct Procurement	Strategic sourcing - 2-4% savings in certain categories			2017	PWC Ops	G	\$0.0	\$0.0	\$7.5
Indirect Procurement	Strategic sourcing - 2-4% savings in certain categories			2015	PWC Ops	Y	\$0.0	\$0.0	\$2.7
Total Procurement Savings		\$0.0	\$10.2				\$0.0	\$0.0	\$10.2
Outsource portion of HR, F&A, and IT	Move ~300 backoffice FTEs to Indian shared service center			2018	Genpact	Y	\$0.0	\$0.0	\$33.6
Total Backoffice Outsourcing		\$0.0	\$33.6				\$0.0	\$0.0	\$33.6
TOTAL COST OPPORTUNITIES		\$35.1	\$95.7				\$32.3	\$35.1	\$95.7
% of 2019E Total Varsity Cash Costs		2.6%	7.1%				2.4%	2.6%	7.1%
% of 2019E Heff Jones Cash Costs		11.3%	30.7%				10.4%	11.3%	30.7%

Bain Capital

Source: PWC, Mercer Consulting, Genpact, Clearview, BCP Analysis.

Note: G/Y/R ("Green / Yellow / Red") based on advisors qualitative review of execution risk and complexity.

21

Project Hercules**Agenda**

- ① Cost Opportunity
- ② Yearbook
- ③ Achievement
- ④ BSN Sports
- ⑤ Varsity Spirit
- ⑥ Deal Considerations & Exit
+ Pricing Discussion

Bain Capital

22

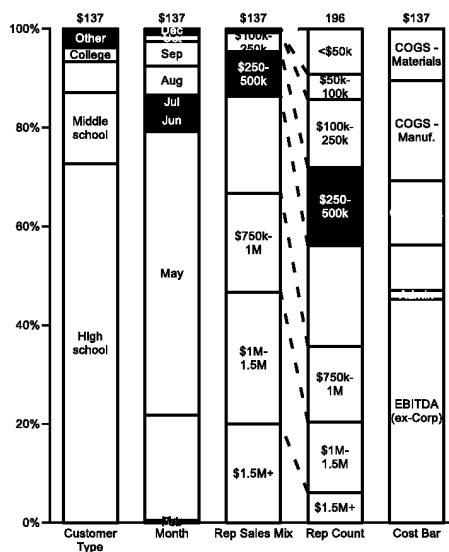
Project Hercules

② Yearbook

#2 market position in highly profitable but declining yearbook segment

Business Overview

Revenue Breakdown & Cost Bar, 2013



Business Overview

- **#2 player in concentrated yearbook market**
 - ~20% share, ~0.5 x RMS
 - Top 3 players comprise ~70-75% of the market
- **Highly profitable with strong free cash flow characteristics**
 - 40+% segment level EBITDA margins
 - Declining capital intensity with plant consolidation, outsourcing
- **180+ independent sales reps serve ~6,700 customers**
 - Deep relationships with yearbook advisors (key decision maker)
 - Critical in curriculum & book design (YB is graded class at 80% of HS)
 - High customer satisfaction & retention → 6-8% revenue churn
 - High rep satisfaction & loyalty → 53% NPS¹, unlikely to switch
- **Sleepy industry, but becoming more dynamic**
 - YB advisors value service & familiarity; low propensity to switch
 - Digital printing commoditization lowering entry barriers
 - New entrants willing to compete on price
 - Reps, relationships may insulate HS market, but early innings
- **Price pressure likely to continue at current levels**
 - Disruption risk feels controllable due to product differentiation and recent evidence in competitive win / loss history

Leadership position in highly profitable segment, with levers to pull to manage decline

Bain Capital

Source: BCP Proprietary Yearbook Rep Survey (N=19)
7 out of 19 respondents provided promoter score of 8

23

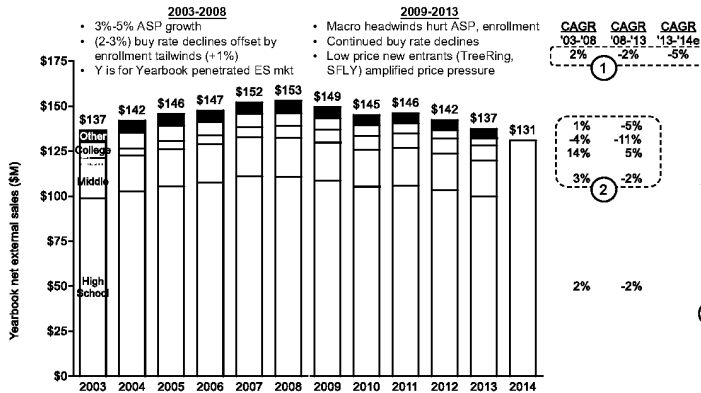
Project Hercules

② Yearbook

Melting glacier since recession, with headwinds in price and volume

Historical Trending

Revenue by Product Category, 2003-2014E



Materials % sales	11%	12%	12%	12%	12%
Manuf. % sales	27%	25%	24%	23%	24%
Commiss % sales	13%	13%	13%	13%	13%
Selling % sales	7%	8%	9%	9%	10%
Admin % sales	5%	2%	2%	2%	2%
Seg. Adj. EBITDA	\$61	\$66	\$62	\$62	\$60

① Low single digit declines since 2008

- Copy counts have declined 2-4% / yr
- Churning to lower ASP accounts in most categories
- Anecdotally winning business back from new entrants, but with reset prices

② Growth in elementary

- Y Advantage has driven strong growth
- Not a traditional focal point for incumbents
- Lowest ASP product in portfolio
- Advantage+ offering could improve margin

③ Historical declines offset with cost actions

- Closed inefficient MO facility in 2010
- Introduced proprietary eDesign software, enabling front-end headcount reduction
- Consolidated regional sales mgmt

Expect price pressure to continue; further consolidation and cost cuts are required to maintain margins

Bain Capital

Source: Company data, BCP analysis

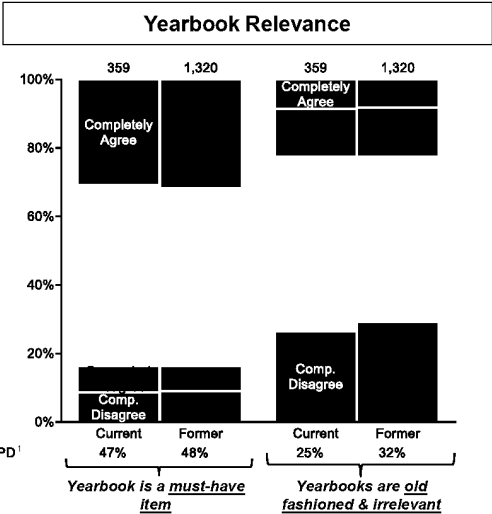
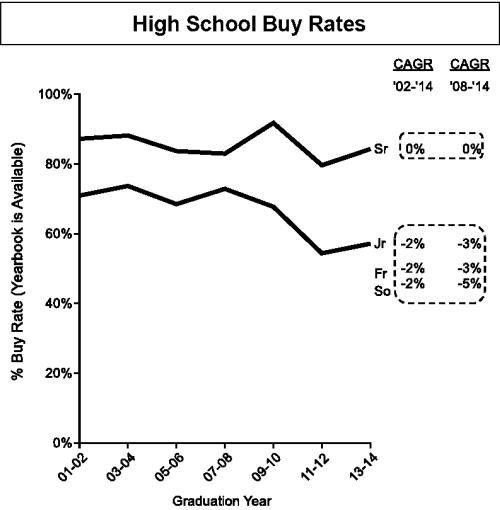
24

Project Hercules

② Yearbook

Buy rates continue to decline at ~2-4% CAGR, but yearbook still resonates to seniors as core high school memento

Buy Rates



Buy rate declines have been measured, with seniors showing resilience...

...and broadly, students continue to articulate an affinity for the product

Bain Capital

Source: BCP Current & Former Student Survey (N=1,679)
1 Net positive disposition; % that ranked 4 or 5 less % that ranked 1 or 2

Project Hercules**② Yearbook**

Market comprised of 4 traditional yearbook companies + smaller, high tech new entrants that have attempted to disrupt the category

Competition

HS Ybook ¹		Competitive Landscape				
		Traditional		New Entrants / Disruptive Threats		
		Company	<i>jostens</i> <i>balfour</i> <i>walsworth</i>	TreeRing	<i>picaboo</i>	Shutterfly
		Founded	• 1897 (J), 1920 (H), 1939 (B), 1937 (W)	• 2009	• 2002	• 1999
		End Market	• High (HS), middle (MS), elementary (ES) schools, colleges, other organizations	• 2,000 schools • Mostly ES / MS • Some HS	• Focused on HS • Some ES / MS	• All ES / MS
		Rep Base?	• Yes	• No	• Yes	• No
		Value Prop	• Quality books created by traditional offset presses (often owned) • High touch service model – help with curriculum, book design	• On-demand, online ordering – no contracts • ~3 week delivery vs. 2-3 mos. for traditional • Often a lower price point • Free custom pages + shipping vs. a-la-carte • Ability to build in fundraiser		• Targets “class moms” • Convenient product given lack of formal channel
	0.5x	Product Suite	• “A book is a book” • All have proprietary design software (Jostens driving innovation) • Digital supplements available • Moving toward personalization	• Online design platform with workflow capabilities • Focused on personalization • Digital supplements common / included • Full digital printing capabilities		• Photobook product with online tutorial, tips, etc. • Intuitive design interface
		Price point¹	• ~\$55-60+ • Pricing often a-la-carte (pay for base book, upcharges elsewhere)	• \$46 • Includes 2 custom pages	• \$56 • Free eYearbook	• N/A (110 page count limit)
		Observations	• Anecdotally winning business back from new entrants over last 12 months	• Questions around profitability , as well as scalability of model		

Industry has become more dynamic and price competitive in recent years

However, advisor attitudes, sales rep value-add may help insulate HS segment

Bain Capital

Source: Parthenon Academic Memorabilia Survey (n=185), management commentary, BCP analysis, Company websites

¹ Price point for 180 page book with hard cover

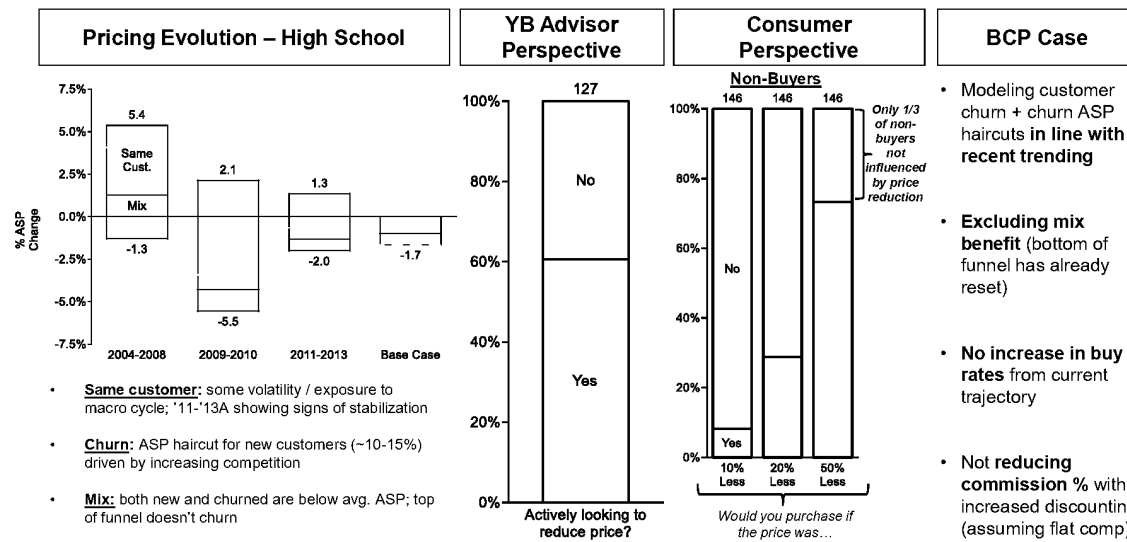
28

Project Hercules

② Yearbook

ASP pressure has increased as both macro and competitive challenges have mounted in recent years

ASP



While disruption risk feels boundable, price reset is happening...

...as both the channel and the consumer are calling for price to go down

Modeling conservative pricing and cost case given trajectory

Bain Capital

Source: Company data, BCP analysis, BCP Current & Former Student Survey, Parthenon Academic Memorabilia Survey

27

Project Hercules

② Yearbook

Assuming price pressure leads to significant margin compression and profit pool reduction; key variable is how much and how quickly

Framing the Fan

	Recent History	Downside	Base	Upside
Revenue	<ul style="list-style-type: none"> 10A-14E CAGR: (3%) (2-4)% buy rate decline 0-(2%) ASP decline ~6-8% revenue churn ~10-15% churn ASP haircut 	<ul style="list-style-type: none"> (6%) CAGR "Price pressure worsens" ASP declines (3%) Churn rate & churn ASP haircut accelerate to preserve buy rate 	<ul style="list-style-type: none"> (4%) CAGR "Trends continue" Buy rate decline: (3%) ASP decline: (1.5%) Churn in line with history 	<ul style="list-style-type: none"> (2%) CAGR "Some Improvement" Buy rate decline slows to (1.5%) ASP declines (0.5%)
Gross Margin	<ul style="list-style-type: none"> '10A-'14E: 67%→70% Have offset historical price pressure with plant-level cost takeout Fully variable, but 	<ul style="list-style-type: none"> '14E-19E: 70%→62% Discounting intensifies Inflationary growth in COGS / book 	<ul style="list-style-type: none"> '14E-19E: 70%→65% Like-for-like product discounting Inflationary growth in COGS / book 	<ul style="list-style-type: none"> '14E-19E: 70%→67% Margin trending flattens towards end of forecast Inflationary growth in COGS / book
EBITDA Margin	<ul style="list-style-type: none"> '10A-'14E: 43%→46% Consolidated plant level G&A, offset by slight increases in selling expenses 	<ul style="list-style-type: none"> '14E-19E: 46%→33% Fixed cost deleveraging in SG&A 	<ul style="list-style-type: none"> '14E-19E: 46%→37% Fixed cost deleveraging in SG&A 	<ul style="list-style-type: none"> '14E-19E: 46%→40% Fixed cost deleveraging in SG&A
EBITDA % CAGR Growth vs. 2014	<ul style="list-style-type: none"> '14E: \$60 10A-14E CAGR: (1%) 	<ul style="list-style-type: none"> 19E: \$33 (12%) CAGR (\$27) impact 	<ul style="list-style-type: none"> 19E: \$40 (8%) CAGR (\$20) impact 	<ul style="list-style-type: none"> 19E: \$47 (5%) CAGR (\$13) impact

Bain Capital

28

Project Hercules**Agenda**

- ① Cost Opportunity
- ② Yearbook
- ③ Achievement
- ④ BSN Sports
- ⑤ Varsity Spirit
- ⑥ Deal Considerations & Exit
+ Pricing Discussion

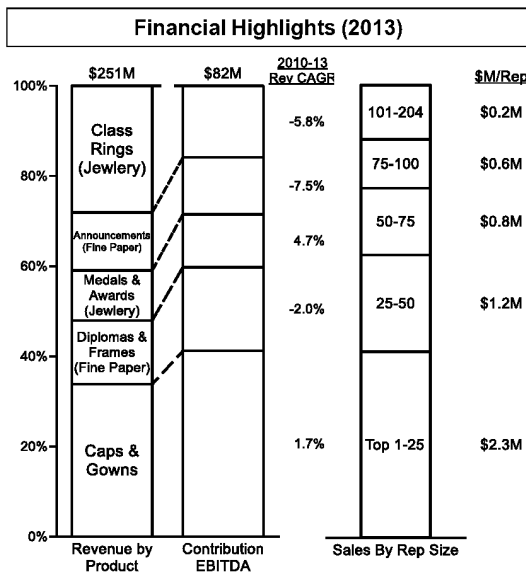
Bain Capital

29

Project Hercules

③ Achievement

Overview



70% of profit pool is stable / growing

Business Description	
Graduation products for high schools and colleges, sold through an exclusive independent, 1099 rep force <ul style="list-style-type: none"> Common buyers; ~80% of rev from schools with 2+ products Except for diplomas, all products are student/parent pay Sold together as graduation packages, promoted through catalogs, email campaigns and student meetings 	
Caps & Gowns <ul style="list-style-type: none"> Mix of rental (33%) and disposable (67%) caps & gowns and accessories. Also includes church robes & other apparel The must-win product in order to cross-sell other categories 	
Diplomas & Frames <ul style="list-style-type: none"> Very stable products purchased by schools (diplomas) and students (frames); also includes commercial certificates business 	
Medals and Awards <ul style="list-style-type: none"> Mix of jewelry products sold by directly by HJ to fraternities / sororities (e.g. pledge pins), nursing schools (nurse pins), etc. 	
Announcements <ul style="list-style-type: none"> Traditional high end graduation announcements and accessories. Declining due to shift to alternatives (CVS, email, Paperless Post) 	

Class Rings

- Customizable class rings (initials, sports/activities, metal/stone)
- In slow secular decline, accelerated by spike in gold price

Bain Capital

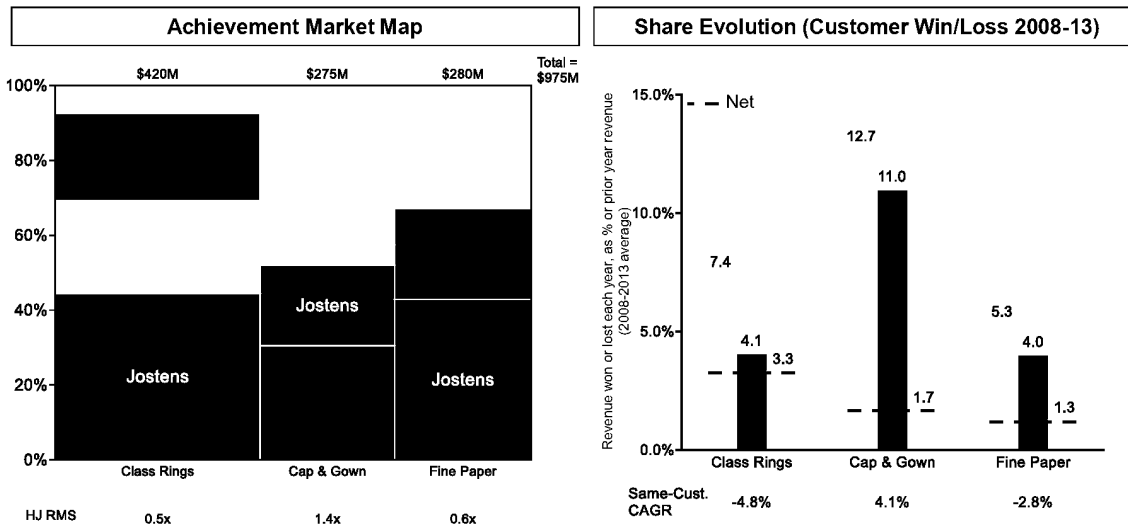
30

Project Hercules

③ Achievement

HJ is one of 3 scale players & generally winning share

Market Share



HJ one of 3 leading players in consolidated markets

*HJ gaining moderate share in all segments
(winning more than they are losing)*

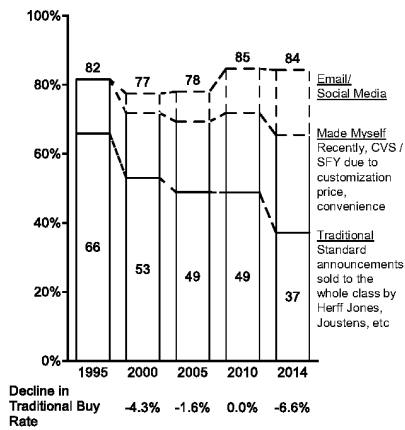
Bain Capital

Source: 3.15.2.33 Herff Jones High Level Financials (03-13), 3.15.2.32 Sales by Sales Rep 2009-2013, S&P Capital IQ

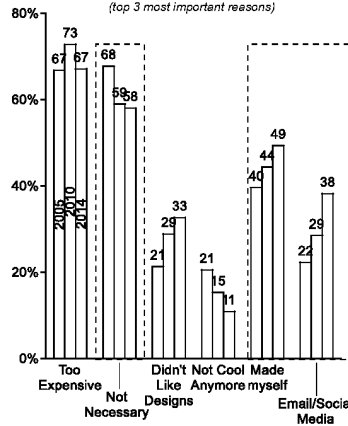
31

Project Hercules**③ Achievement**

Herff has been losing to customized, digitally printed photo cards which Herff chose not to sell because they would cannibalize existing manufacturing

Announcements**Historical Buy Rates****Consumer Feedback**

"Why did you not purchase announcements through your school?"
(top 3 most important reasons)

**Company Initiatives**

- Now promoting digital, customizable announcements to combat shift to CVS/Shutterfly (new in 2014)
 - Product differentiated by using proprietary school emblems
- New digital offering is price-competitive with Shutterfly and other online options, but more expensive than CVS, WAG or WMT who use their photo center as a traffic driver
- Advantaged by incumbency in the school; also recently doing a better job capturing customer contacts and marketing through catalog and email

Buy rate decline driven by shift to substitutes (students still announce their graduation)

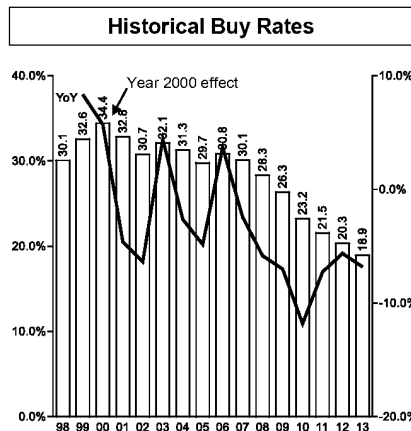
Secular challenges from technology, compounded by high price and designs that don't resonate

Expect new offerings to moderate decline, but unlikely to reverse trend

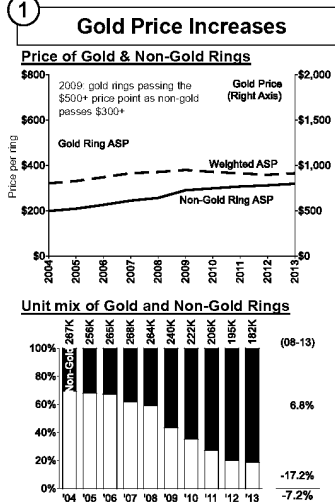
Bain Capital

Project Hercules**③ Achievement**

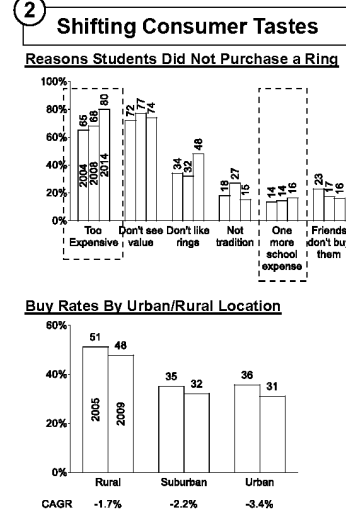
*Hard to decompose secular trend from impact of gold prices,
but surely gold had an impact*

Class Rings: Buy Rates

Buy rate discontinuity in 2008



Gold prices a key factor; as gold rings became unaffordable, some students shifted to Ultrium, but hard to sell stainless steel for \$300+



Pricing resonated as a key barrier in the survey; but also pockets of more stable demand

Bain Capital

Project Hercules

③ Achievement

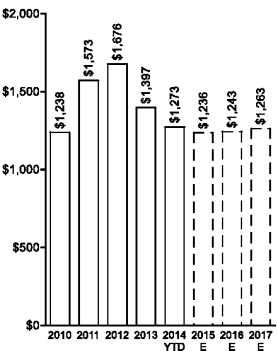
With gold prices coming back down, recent volume stabilization is encouraging

Class Rings: Outlook

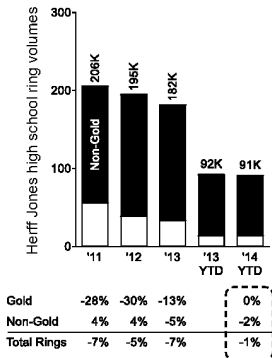
Company Initiatives

- Better outreach to parents through catalogs and email
- New phone app for ring sizing and social media sharing
- Better school engagement through "Believe in You" program...
 - Capitalizing on data that student engagement with graduation products increases graduation rates
- ...leading to better access to organize class meetings and student/parent events

Gold Price Moderation



Recent Demand Stabilization?



Slowly starting to innovate but lots of room for continued improvement...

Gold prices are returning to earth (and now a small part of the businesses)

Too early to call stabilization, but unit trends have flattened out recently

Bain Capital

Project Hercules**③ Achievement****Flat EBITDA base case, with +/- \$10m upside/downside fan****Framing the Fan**

		Recent History	Downside	Base	Upside
(Diplomas C&G, Medals)	Revenue	<ul style="list-style-type: none"> • 1.5% CAGR • Flat buy rates; share gain; ~1.5-2.0% ASP 	<ul style="list-style-type: none"> • 0.7% CAGR • Continued decline in diplomas, 1% ASP 	<ul style="list-style-type: none"> • 1.6% CAGR • Flat buy rates, no share gain, 1.5% ASP 	<ul style="list-style-type: none"> • 2.2% CAGR • Same units as base case, 2.5% ASP
	C. EBITDA Margin	<ul style="list-style-type: none"> • + ~350 bps from plant consolidation (COGS)¹ 	<ul style="list-style-type: none"> • ~Flat EBITDA margin (discrete cost opportunities captured elsewhere in the model) 		
Declining – Rings	Revenue	<ul style="list-style-type: none"> • -4.1% CAGR • <u>-6% buy rates</u> • <u>5.4% FLF ASP</u>; mix-shift to non-gold 	<ul style="list-style-type: none"> • -6% CAGR • <u>-6% buy rates</u> • <u>0% ASP</u>; no mix-shift 	<ul style="list-style-type: none"> • -1% CAGR • <u>-3% buy rates</u> • <u>2% ASP</u>; no mix shift 	<ul style="list-style-type: none"> • 2.5% CAGR • <u>-1% buy rates</u> • <u>3.5% ASP</u>; no mix-shift
	C. EBITDA Margin	<ul style="list-style-type: none"> • - 400 bps from gold GM% decline (stable GP\$/unit) 	<ul style="list-style-type: none"> • -700 bps – descaling and input costs inflation 	<ul style="list-style-type: none"> • -60 bps - descaling offset by ASP growth 	<ul style="list-style-type: none"> • +200 bps – ASP growth higher than cost inflation
Declining - Announcements	Revenue	<ul style="list-style-type: none"> • -4.9% CAGR • <u>-9% buy rates</u>; share gain • <u>4.7% ASP</u> 	<ul style="list-style-type: none"> • -10% CAGR • <u>-10% buy rates</u>; no share • <u>0% ASP</u> 	<ul style="list-style-type: none"> • -4.1% CAGR • <u>-6% buy rates</u>; no share • <u>2% ASP</u> 	<ul style="list-style-type: none"> • 0% CAGR • <u>-3% buy rates</u>; no share • <u>3% ASP</u>
	C. EBITDA Margin	<ul style="list-style-type: none"> • -170 bps – descaling offset by plant consolidation 	<ul style="list-style-type: none"> • -500 bps – descaling (consolidation savings captured elsewhere) 	<ul style="list-style-type: none"> • -260 bps – descaling 	<ul style="list-style-type: none"> • Flat; descaling offset by ASP ahead of cost inflation
Total	Revenue	<ul style="list-style-type: none"> • -1.1% CAGR 	<ul style="list-style-type: none"> • -2.2% CAGR 	<ul style="list-style-type: none"> • 0.2% CAGR 	<ul style="list-style-type: none"> • +2.0% CAGR
	C. EBITDA	<ul style="list-style-type: none"> • \$84M in '14 / 1.0% CAGR 	<ul style="list-style-type: none"> • \$74M ('19) / -2.6% CAGR 	<ul style="list-style-type: none"> • \$85M / 0.3% CAGR 	<ul style="list-style-type: none"> • \$95M / 2.4% CAGR

Bain Capital

1. Historical financial show an additional 250bps of SG&A leverage, which we believe was mostly driven by consolidation of IT and other functions at corporate rather than true cost leverage 35

Project Hercules**Agenda**

- ① Cost Opportunity
- ② Yearbook
- ③ Achievement
- ④ BSN Sports
- ⑤ Varsity Spirit
- ⑥ Deal Considerations & Exit
+ Pricing Discussion

Bain Capital

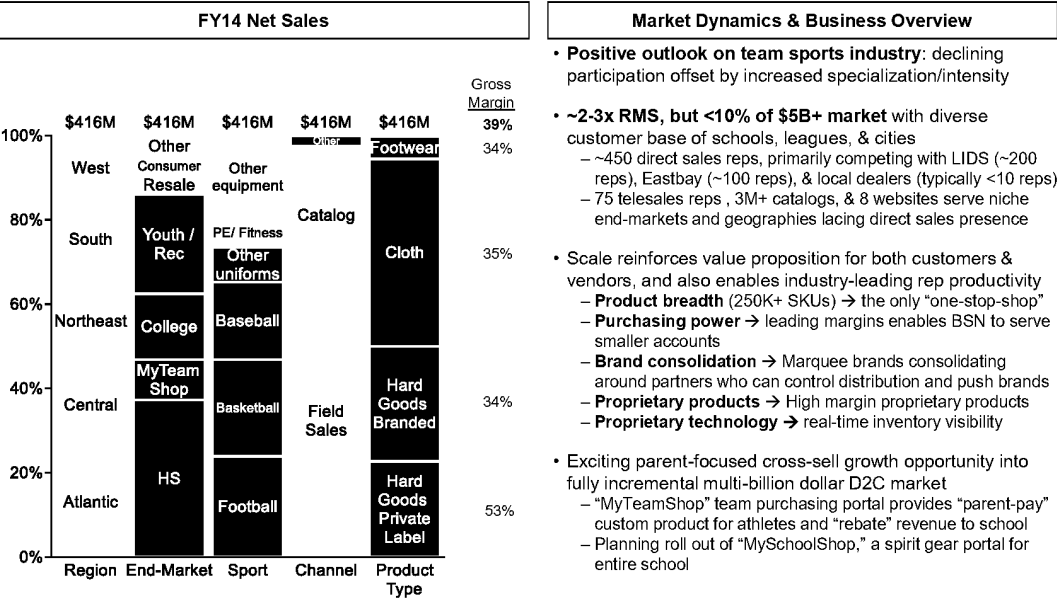
36

Project Hercules

④ BSN

Leading marketer, manufacturer, and distributor of sporting goods, equipment, and uniforms

Overview



Bain Capital

Fundamentally, a very good business

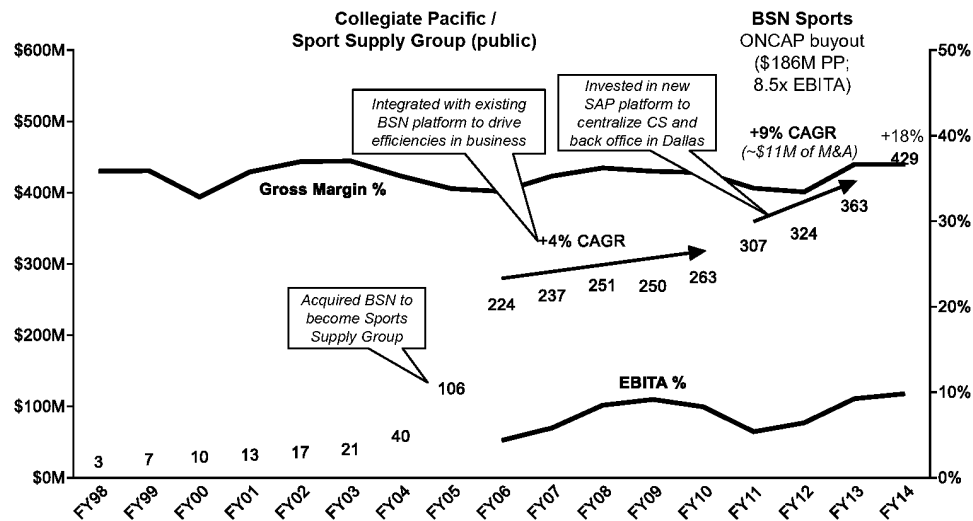
Note: Net Sales excludes Freight (~\$13M)
Source: CIM, Expert interviews, Parthenon, Dataroom

37

Project Hercules

④ BSN

BSN has a long history of integrating acquisitions and driving efficiency in cost structure through leveraging technology & centralizing SG&A

Historical Growth**BSN Net Sales****Bain Capital**

Source: CapIQ; BSN P&L

38

Project Hercules

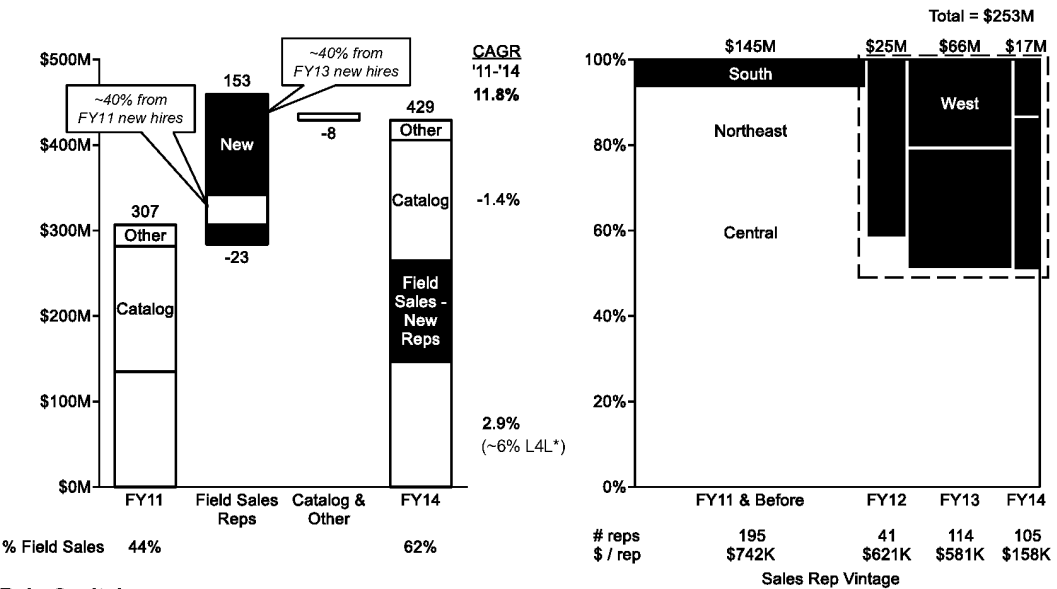
④ BSN

Revenue growth has been driven by adding sales reps across both new and infill geographies

Historical Growth

Historical BSN Revenue Bridge

Field Sales by Territory (FY14)



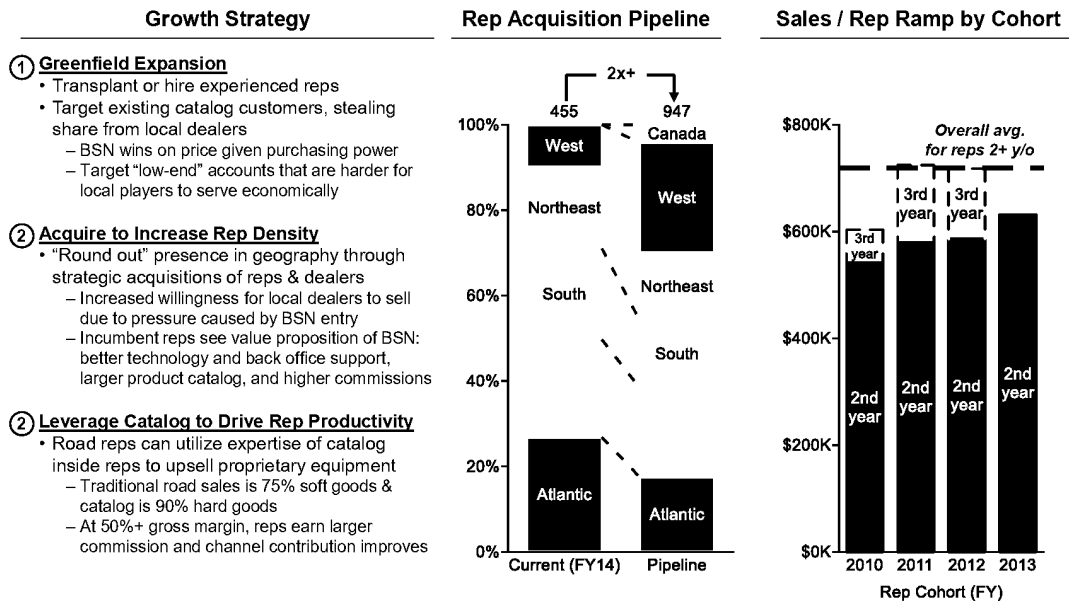
Bain Capital

* Excludes FY11 ramp
Note: Field sales excludes freight & "non salespro" revenue
Source: BSN Salespro database; BSN P&L statements

Project Hercules

④ BSN

**BSN has a clear growth strategy and strong pipeline of identified reps;
recent rep cohorts show no signs of degradation and ramp over 3 years**

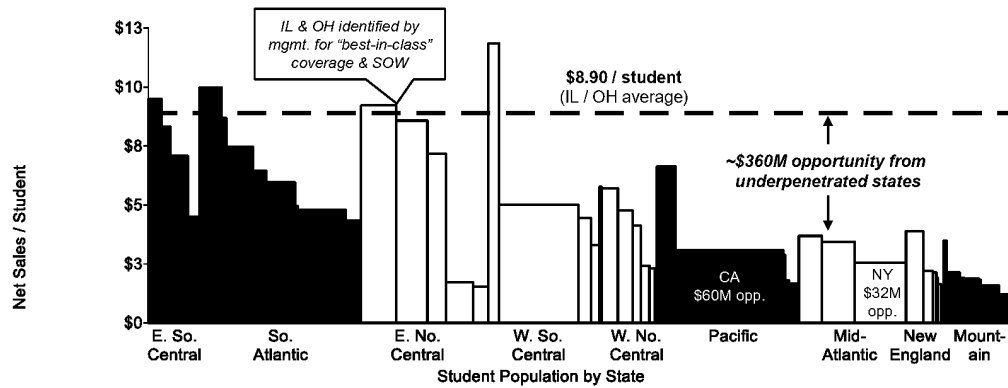
Growth Strategy**Bain Capital**

Source: BSN team acquisition pipeline (Sept 14)

40

Project Hercules**④ BSN**

Long runway for future growth by increasing rep density in under-penetrated regions and SOW in existing regions

Whitespace**BSN Sales / Student by Region****Sales / Student**

Catalog	\$2.09	\$2.19	\$1.02	\$2.41	\$1.54	\$2.34	\$1.42	\$1.82	\$1.80
Field Sales	\$5.23	\$4.17	\$5.22	\$3.08	\$2.76	\$1.08	\$1.65	\$1.04	\$0.01

/ Million students

Reps	12.4	5.5	8.1	4.6	5.6	2.7	2.8	1.1	0.3
"Core" Athletes	770	889	766	631	1,026	721	1,013	965	805

Opportunity to dramatically increase rep density

Bain Capital

Note: Used population aged 5-25 as proxy for "student"; "Core" athletes include basketball, baseball, football

Regions: **E. So. Central:** KY, TN, AL, MS; **So. Atlantic:** FL, GA, NC, SC, VA, DE, MD, WV; **E. No. Central:** IL, IN, MI, WI, OH; **W. So. Central:** AR, OK, LA, TX; **W. No. Central:** IA, MN, ND, NE, SD, KS, MO; **Pacific:** AK, CA, HI, OR, WA; **Mid-Atlantic:** NJ, NY, PA; **New England:** CT, MA, ME, NH, RI, VT; **Mountain:** AZ, CO, ID, MT, NM, NV, UT, WY

Source: BSN Customer Database; Census data; NSGA

41

Project Hercules**④ BSN****BSN cases driven by pace of sales force expansion****Framing the Fan**

	Recent History	Downside	Base Case	Upside
Revenue	<ul style="list-style-type: none"> 11.4% CAGR (FY'09-'14) 2012: 31 net new reps 2013: 68 net new reps 2014: 78 net new reps to 450+ reps today Avg. productivity: ~\$200K year hired, ramping to ~\$800K in 4 years 	<ul style="list-style-type: none"> ~7% CAGR Retiring base of reps makes attracting new talent difficult: ~30 net new reps / year Infill acquisitions: 10% of new reps acquired for 4x PF EBITDA Stable productivity, 2% market growth 	<ul style="list-style-type: none"> ~10% CAGR ~60 net new reps / year Opportunistic acquisitions: 20% of new reps acquired for 4-5x PF EBITDA Stable productivity, 2% market growth 	<ul style="list-style-type: none"> ~14% CAGR Targeted strategy to achieve national scale: ~100 net new reps / year 20% of new reps acquired for 5-6x PF EBITDA Catalog cannibalized as accounts shift to direct channel Stable productivity, 3% market growth
Gross Margin	<ul style="list-style-type: none"> 36.2% Margin 	<ul style="list-style-type: none"> 35.7% Margin 54 bps gross margin compression with mix to direct 	<ul style="list-style-type: none"> 35.4% Margin 81 bps gross margin compression with mix to direct 	<ul style="list-style-type: none"> 35.2% Margin 103 bps gross margin compression with mix to direct
EBITDA Margin	<ul style="list-style-type: none"> 11.8% Margin 	<ul style="list-style-type: none"> 12.1% Margin 	<ul style="list-style-type: none"> 11.9% Margin 	<ul style="list-style-type: none"> 12.1% Margin
EBITDA % CAGR	<ul style="list-style-type: none"> \$56M in 2014 15.1% CAGR (FY'09-'14) 	<ul style="list-style-type: none"> \$81M 10.2% CAGR +\$25M from 2014 (\$10M) vs base 	<ul style="list-style-type: none"> \$91M in 2019 7.8% CAGR +\$35M from 2014 	<ul style="list-style-type: none"> \$110M 14.5% CAGR +\$54M from 2014 +\$19M vs base
Growth vs. 2014 Impact vs. Base				

Bain Capital

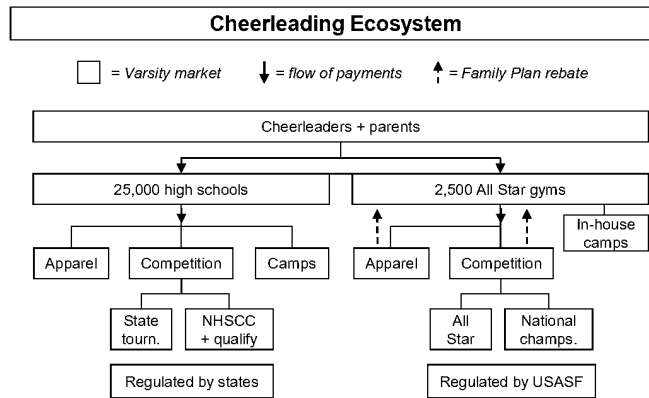
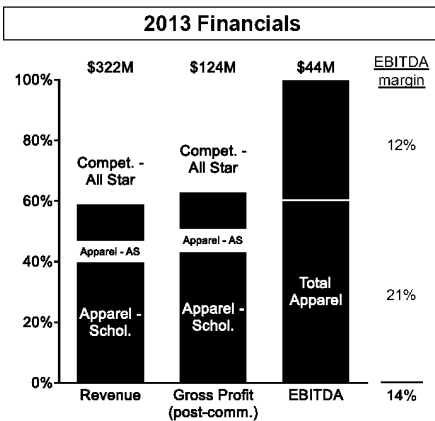
42

Project Hercules**Agenda**

- ① Cost Opportunity
- ② Yearbook
- ③ Achievement
- ④ BSN Sports
- ⑤ Varsity Spirit
- ⑥ Deal Considerations & Exit
+ Pricing Discussion

Bain Capital

43

Project Hercules**⑤ Varsity Spirit***Varsity is a high RMS, fully integrated business that runs the cheerleading ecosystem***Overview****Overview**

- Founded in 1974 by Jeff Webb, pioneered competitive cheerleading. Through M&A, consolidated into **clear market leader** that defines entire industry: "We Are Cheer"
- Salesforce sells to coaches of scholastic (junior high, high school, college) & All Star squads
- Sell uniforms, accessories and run national + local competitions, training camps
 - **Premium brand** for uniforms, serving most passionate & competitive teams
 - Competitions: **the top competitions** in cheerleading. Camps: only national provider
- **High synergies:** need to buy matching uniforms for competition and campwear for camps, where trainers wear Varsity; uniform reps and trainers promote competitions

Bain Capital

Source: dataroom, Varsity Spirit website, expert calls

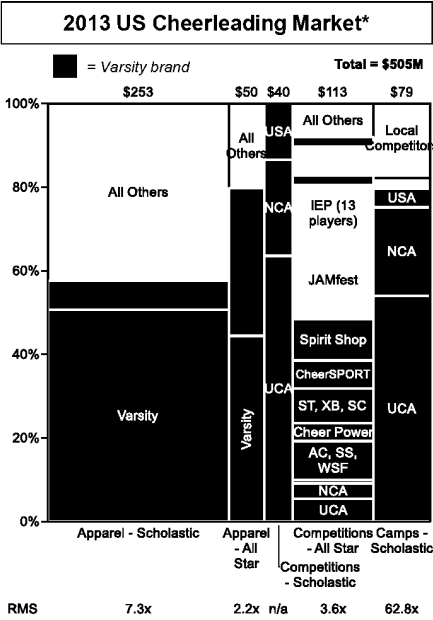
44

Project Hercules

⑤ Varsity Spirit

Varsity is the undisputed leader in cheerleading uniforms, competitions, and camps

Why Varsity is a Good Business



Why Varsity is a Good Business vs. Key Risks

Why Varsity is a Great Business

- **Participation growth to continue over next 5-10 years**
 - Scholastic growing w/ popul., 3-5% All Star driven by consumer demand
 - Low fad risk and injury concerns; in line with other sports
- **#1 uniform and apparel brand, with strong share in premium market**
 - Scale, high-touch salesforce, quality, premium brand drive customer loyalty
 - Demonstrated ability to up-sell newest uniforms and add new accessories
- **Strong, defensible position in competitions with strong growth vectors**
 - Well-protected core: NFL of cheer
 - Consistently grown the industry by extending competition brand to new markets (All Star, Summit, STUNT)
- **Camp brand, value-add to coaches ensures stability**

Key Risks

- **Some economic sensitivity, potential injury concerns and shrinking All Star white space**
 - Insulated due to concentration w/ most passionate, inelastic customers
 - Recent success with Summit illustrates ability to create new markets, convince lower levels to spend more on competitions
- **New apparel entrants could steal share based on price, service**
 - Mitigated by scale of Varsity salesforce, high brand equity

Bain Capital

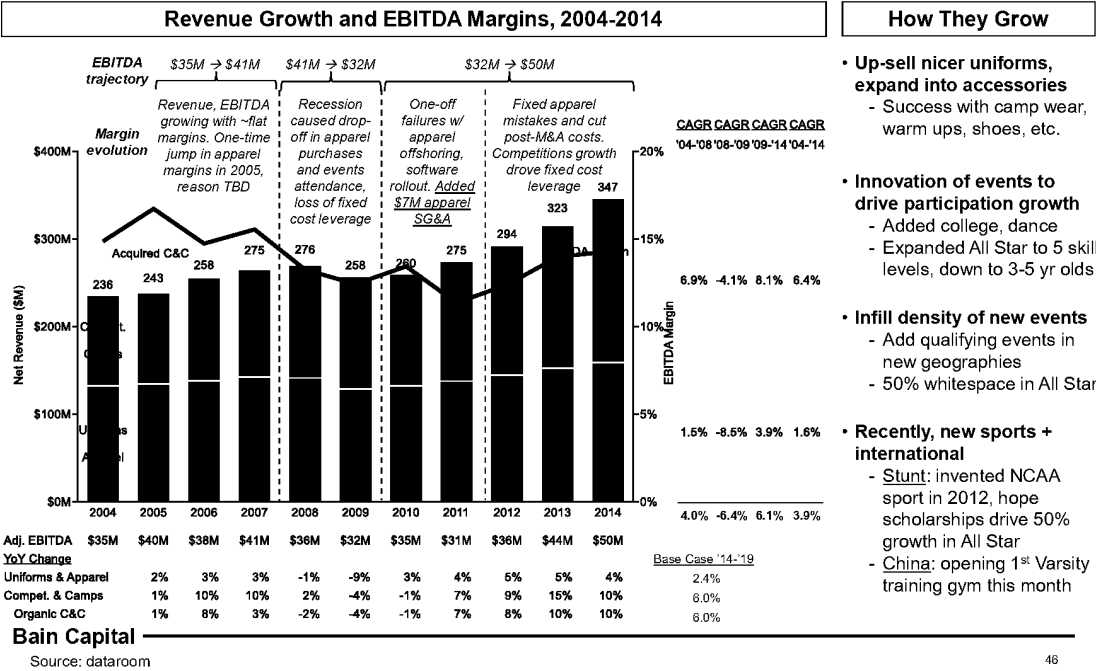
* Excludes gyms
Source: dataroom

Project Hercules

⑤ Varsity Spirit

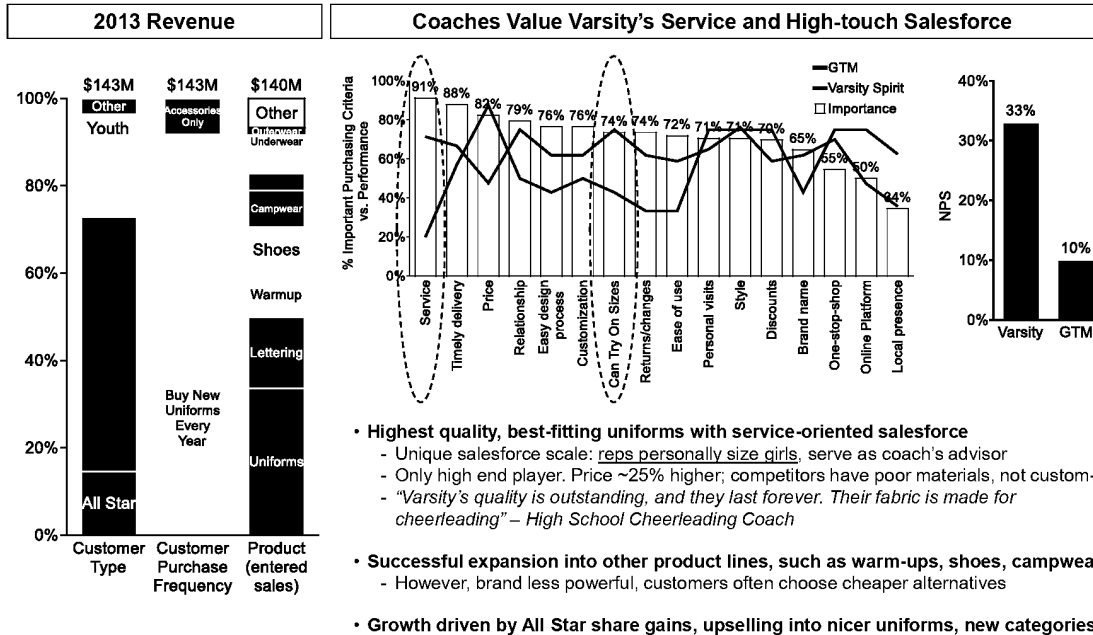
Consistent long-term growth: positive revenue growth in 38 of last 40 years. Margins fell '07-'11 due to recession & one-off mistakes, but mgmt has turned them around

Long-Term Growth



Project Hercules**⑤ Varsity Spirit**

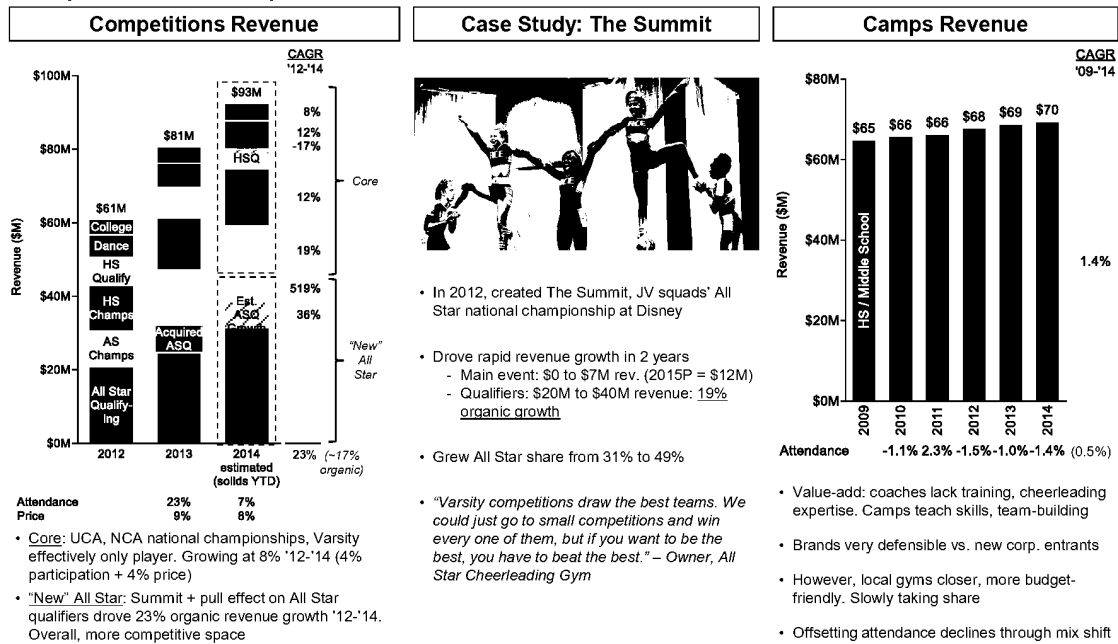
Varsity Spirit is the premium brand for cheerleading uniforms, providing "the official uniform" for cheerleading teams

Apparel**Bain Capital**

Note: using \$5,000+ annual spend as a proxy for uniform purchases (i.e., 20 cheerleaders x \$250), in line with management view. "Buy Uniforms Every Year" defined as teams that spent \$5,000+ every year between their first uniform purchase and 2013 (2014 in the case of 2012 new customers).
Source: Parthenon survey (n=219), dataroom

Project Hercules**⑤ Varsity Spirit**

Varsity has rapidly grown competitions through both core and new competitions, while camps have remained stable

Competitions & Camps**Bain Capital**

48

Project Hercules**⑤ Varsity Spirit**

All Star, new apparel products, and organic competition expansion offer attractive growth profile, while stability in competitions protects downside

Framing the Fan

	Recent History	Downside	Base Case	Upside
Revenue	<ul style="list-style-type: none"> 5.7 % CAGR '10-'14 Post-recession rebound in apparel 31%→49% share in All Star competitions 	<ul style="list-style-type: none"> (0.3%) CAGR 2-year economic downturn, consequent drop + recovery in participation 	<ul style="list-style-type: none"> 4.4% CAGR Apparel returns to long-term growth rate 49%→65% share in All Star competitions 	<ul style="list-style-type: none"> 5.8% CAGR STUNT drives strong participation growth, continued apparel and competitions growth
Gross Margin	<ul style="list-style-type: none"> 42%→43% Margin Poor apparel offshoring effort during HJ merger Offset by competitions' fixed cost leverage 	<ul style="list-style-type: none"> Fall to 41%, rebound to 42% Margin Flat apparel margins Events margins fall as fixed costs deleverage 	<ul style="list-style-type: none"> Flat 43% Margin +400 bps in apparel due to offshoring, up-sell (300) bps in events due to shift to resort camps, lack of competitions capacity 	<ul style="list-style-type: none"> Grow to 44% Margin Additional competitions margin expansion
EBITDA Margin	<ul style="list-style-type: none"> 14%→12%→15% Margin Poor apparel software, All Star salesforce rollout during HJ merger Offset by competitions 	<ul style="list-style-type: none"> Fall to 9%, rebound to 13% Margin Lose operating leverage 	<ul style="list-style-type: none"> Flat 15% Margin OpEx growing slightly slower than sales, in line with history 	<ul style="list-style-type: none"> 16% Margin Operating leverage held back by salesforce costs, high % variable cost
EBITDA % CAGR Growth vs. 2014 Impact vs. Base	<ul style="list-style-type: none"> \$50M in 2014 7.5% CAGR '10-'14 	<ul style="list-style-type: none"> \$43M (3.0%) CAGR (\$7M) vs. 2014 (\$22M) vs. base 	<ul style="list-style-type: none"> \$65M 5.1% CAGR +\$15M vs. 2014 	<ul style="list-style-type: none"> \$75M 8.2% CAGR +\$25M vs. 2014 +\$10M vs. base

Bain Capital

49

Project Hercules**Agenda**

- ① Cost Opportunity
- ② Yearbook
- ③ Achievement
- ④ BSN Sports
- ⑤ Varsity Spirit
- ⑥ Deal Considerations & Exit
+ Pricing Discussion

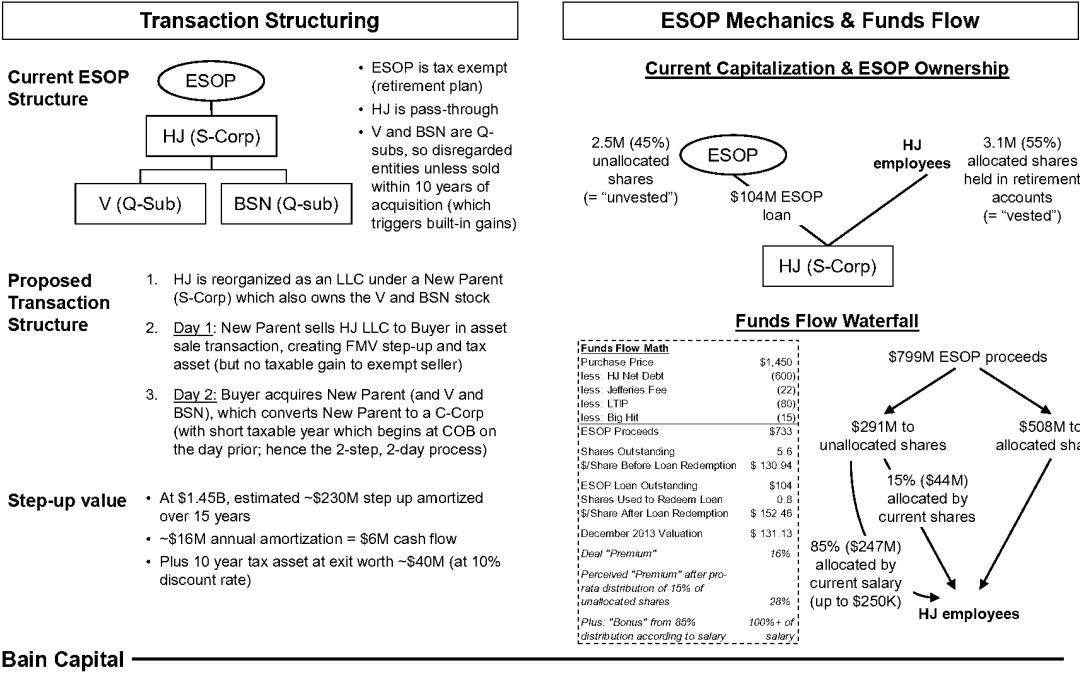
Bain Capital

50

Project Hercules

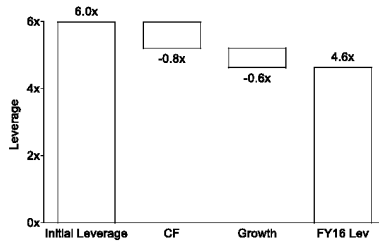
Deal Considerations

Transaction Structure



Project Hercules**Deal Considerations****The Journey*****High likelihood of a quick recap, and early exit potential if we're on plan ...***

- Most of EBITDA growth is in years 1-2 given BSN growth and rapid Herff Jones cost action
- Should enable quick recap at the least; also potential for further monetization: E.g., sell the HJ business after the cost-cutting value creation if the cross sell thesis does out (step up enables efficient spin)

***High likelihood +2.9% IRR recap******... but also a risk of a challenging/lengthy exit if growth slows and legacy HJ creates baggage***

- If growth is slow and lower-growth IPO window is not open, we're left with 3 potential exit options:
 1. Sponsor sale: must be willing to underwrite continued BSN growth to offset HJ erosion; with few remaining cost efficiencies available
 2. Split sale/IPO: If able to find a buyer (likely strategic), sell HJ and IPO BSN/Varsity, with tax leakage on HJ moderated by low growth and basis step-up at entry
 3. Spin-out/perp-recap: If no buyer for HJ, can spin out BSN/Varsity after 5 years and monetize in 7, but left with remaining HJ business in a perpetual recap

Year 2 Recap Math	
EBITDA	\$210
(x) Leverage	5.5x
Quantum	\$1,153
(-) Existing	\$970
Recap Capacity	\$183
Less: Fees	(\$5)
Less: Options	(\$18)
Total Proceeds	\$160
MoM	0.4x
IRR +	290 bps

Assuming low growth sponsor sale, but downside risk of perp recap on HJ and/or delayed exit on BSN/Varsity**Bain Capital**

52

Project Hercules**⑥ Deal Considerations****Future M&A Opportunities****Value of Platform**

Team with a proven track record of M&A-driven industry consolidation...

- BSN consolidation with Collegiate Pacific in 2006 and continued roll-up of local uniform dealers
- Varsity Spirit consolidation of UCA with NCA in 2004 continued roll-up of camps & competitions

...eager to integrate HJ, Varsity and BSN..

- Reap cost synergies
- Drive collaboration and revenue opportunity in the channel; be the best at selling to schools
- Consolidate ERPs to create scalability

...and then move on to future opportunities with adjacent businesses selling to schools

Potential Future Opportunities**① Adjacent products sold to schools, e.g.,****Travel**

WORLDSTRIDES[®]
DISCOVER YOUR WORLD

- Group student travel marketed to schools
- 2011 Carlyle deal

Fundraising

Great American[®]
OPPORTUNITIES

- Magazine, gift wrap & candy fundraisers for schools
- Owned by ESOP direct marketer Southwestern Co
- Consolidated with QSP (former Readers Digest & Time Inc. division) in 2012

② "End game" yearbook and/or achievement industry consolidation

- Prior HJ (2008) and Visant (2014) acquisitions of American Achievement were rejected by DOJ
 - Largely a concern about class rings
- But as industry continues to decline, industrial logic may necessitate consolidation – perhaps separating yearbook from ring assets
- KKR and Fenway Partners have both been in since 2004 and looking to exit for years

Bain Capital

53

Hercules**Exit***Wide fan of outcomes on exit, but team centering on 8-9x EBITA***Framing the Fan****Downside: Perp. Recap**

- Growth slows
- Herff Jones drag makes it difficult to get out
- Perpetual recap w/ potential creativity from:
 - selling or spinning BSN / Varsity
 - end-game industry consolidation with Herff

~7x EBITA equivalent**Base Case : Sponsor Sale**

- 2-3% EBITA growth at exit
- Difficult to find strategic buyer for the whole thing
- But more attractive asset to NFB; better team and strategy, a unique portfolio of businesses, and a demonstrated track-record of cost savings
- "Downside protection" given high FCF yield

NFB could pay 8-9x EBITA and still earn a 20% IRR**Upside: Low-Growth IPO**

- Herff stable and BSN/Varsity continue to grow
- Public markets give credit for growth and yield
 - Pinnacle, Michaels, and Aramark were single digit growers that were able to get public

**~10-13% TSR
~12-16x Fwd P/E
~8.5-10x EBITA****Bain Capital**

Source: Goldman Sachs, BCP Analysis.

54

Project Hercules**RECALL****Fan of Outcomes**

	Downside	Base Case Orientation	Upside
① Cost Opportunity	<ul style="list-style-type: none"> \$25M and takes longer than expected to achieve 	(245 bps) (0.3x) <ul style="list-style-type: none"> Achieve \$35M (by 2018) of cost actions developed internally by HJ and currently under way 	<ul style="list-style-type: none"> \$50M by 2017 331 bps +0.4x
② Yearbook	<ul style="list-style-type: none"> "Price pressure worsens": churn and ASP accelerate (6%) rev → (\$27M) 	(148 bps) (0.2x) <ul style="list-style-type: none"> "Trends continue": (3%) buy rate + (1.5%) price driven by reset on churn (4%) rev / (8%) EBITDA → (\$20M) 	<ul style="list-style-type: none"> "Some improvement": pressure moderates (2%) rev → (\$13M) 123 bps +0.1x
③ Achievement	<ul style="list-style-type: none"> Ring and announcement declines accelerate (2%) rev → (\$10M) 	(222 bps) (0.2x) <ul style="list-style-type: none"> Ring declines moderate and announcement declines continue 0% rev / 0% EBITDA → +\$1M 	<ul style="list-style-type: none"> Ring rebound & announcements stabilize 2% rev → +\$11M 174 bps +0.2x
④ BSN Sports	<ul style="list-style-type: none"> 30 net new reps / year as market gets competitive +7% rev → +\$25M 	(112 bps) (0.1x) <ul style="list-style-type: none"> 60 net new reps / year (vs. 70 recently) with 2%/year catalog cannibalization +10% rev / +8% EBITDA → +\$35M 	<ul style="list-style-type: none"> 100 net new reps / year to double rep base +14% rev → +\$54M 222 bps +0.3x
⑤ Varsity Spirit	<ul style="list-style-type: none"> Macro dip with moderate recovery below today 0% rev → (\$7M) 	(513 bps) (0.5x) <ul style="list-style-type: none"> Apparel growth moderates and competitions continue share gain +5% rev / +5% EBITDA → +\$15M 	<ul style="list-style-type: none"> Continued innovation (e.g., STUNT) +6% rev → +\$25M 251 bps +0.3x
⑥ Deal Considerations & Exit	<ul style="list-style-type: none"> "Perpetual recap" equivalent = ~7x EBITA 	(722 bps) (0.7x) <ul style="list-style-type: none"> Sponsor exit at 8.5x EBITA 	<ul style="list-style-type: none"> IPO exit at 9x EBITA = 13x Fwd P/E 207 bps +0.2x

2.9x MOM / 23% IRR Recap: +3%**Bain Capital**

55

Project Hercules**Consolidated P&L**

6% EBITDA growth driven by BSN (+10%) & Varsity growth (+5%) and HJ cost reductions (\$35M) but offset by erosion of core yearbook business (-8% CAGR)

Base Case

	Actual			Budget	Base Case					CAGR	
	2011A	2012A	2013A	2014B	2015E	2016E	2017E	2018E	2019E	'11-'14	'14-'19
Herff Jones											
Yearbook Revenue	146	142	137	131	126	121	116	112	107	(3.5%)	(3.9%)
Achievement Revenue	258	253	251	256	256	256	257	258	259	(0.2%)	0.2%
Total Revenue	404	396	388	387	382	377	373	370	366	(1.4%)	(1.1%)
% Growth	NM	(2%)	(2%)	(0%)	(1%)	(1%)	(1%)	(1%)	(1%)		
Yearbook EBITDA	66	62	62	60	55	51	47	44	40	(3.3%)	(7.7%)
Achievement EBITDA	59	65	60	63	62	62	63	63	63	1.7%	0.1%
Corporate Expense	(45)	(44)	(49)	(49)	(49)	(49)	(49)	(49)	(49)		
Adjusted EBITDA	81	84	74	74	69	65	61	57	54	(2.9%)	(6.0%)
% Margin	20%	21%	19%	19%	18%	17%	16%	16%	15%		
(+) Cost Savings	-	-	-	3	10	20	30	35	35		
Adj EBITDA Inc. Savings	81	84	74	77	79	85	91	92	89	(1.6%)	3.0%
% Margin	20%	21%	19%	20%	21%	22%	24%	25%	24%		
BSN											
Net Revenue	314	339	396	474	527	580	636	696	759	14.7%	9.9%
% Growth	NM	8%	17%	20%	11%	10%	10%	9%	9%		
Adjusted EBITDA	30	36	45	56	62	69	75	83	90	22.9%	10.2%
% Margin	10%	11%	11%	12%	12%	12%	12%	12%	12%		
Varsity Spirit											
Net Revenue	275	293	322	347	366	380	396	413	431	8.1%	4.4%
% Growth	NM	7%	10%	8%	5%	4%	4%	4%	4%		
Adjusted EBITDA	31	35	44	50	54	56	59	62	65	17.3%	5.1%
% Margin	11%	12%	14%	15%	15%	15%	15%	15%	15%		
Total											
Net Revenue	993	1,027	1,107	1,208	1,274	1,338	1,406	1,479	1,556	6.8%	5.2%
Adj. EBITDA Pre-Cost Sav.	142	155	163	180	185	190	195	202	209	8.3%	3.1%
Adj. EBITDA Inc. Cost Sav.	142	155	163	183	195	210	225	237	244	8.9%	6.0%
Adj. EBITA Inc. Cost Sav.	95	103	113	155	165	181	198	211	222	17.8%	7.5%
Adj. E-C Inc. Cost Sav.	117	133	141	155	172	189	204	216	223	9.7%	7.6%
Memo: BSN Acq. CapEx	1	5	4	6	6	7	9	9	10		

Bain Capital

56

Project Hercules

Exit, Model & Returns

BCP base case yields ~23% IRR @ \$1.45B

S&U + Returns

Early recap ~300 bps

S&U @ \$1,450M (9.4x 2014E EBITA of \$155M)

Uses	Amount	% Total	x LTM Dec-2014 EBITDA	Sources	Amount	% Cap	x LTM Dec-2014 EBITDA	Effective Rate
Equity Purchase Price	\$850	58%	5.5x	Revolver (L + 475)	\$0	0%	0.0x	5.75%
Existing net debt	600	39%	9.4x	Bank Debt (L + 475)	750	49%	4.0x	5.75%
Total Purchase Price	\$1,450	95%	9.4x	2nd Lien (L + 850)	375	25%	6.0x	9.50%
				Total Debt	\$1,125	74%	6.0x	7.00%
Cash to Balance Sheet	10	1%	0.1x					
Total Fees & Expenses ¹	66	4%	0.4x	Total Equity	\$401	26%	8.1x	
Total Uses of Cash	\$1,526	100%	9.9x	Total Sources of Cash	\$1,526	100%	8.1x	

Pot'l mgmt roll of ~\$20M
Assumes financing EBITDA of \$188M

Entry vs. Exit

Entry Multiple vs. EBITDA growth

	Entry					TEV	Entry					TEV
	\$1,400	\$1,425	\$1,450	\$1,475	\$1,500		\$1,400	\$1,425	\$1,450	\$1,475	\$1,500	
	9.1x	9.2x	9.4x	9.5x	9.7x	'14E EBITDA	9.1x	9.2x	9.4x	9.5x	9.7x	'14E EBITDA
	7.7x	7.8x	7.9x	8.1x	8.2x	'14E EBITDA	7.7x	7.8x	7.9x	8.1x	8.2x	'14E EBITDA
7.4x	7.0x	6.4x	16.7%	17.7%	18.2%	14.9%	13.7%	18.6%	17.5%	16.1%	14.8%	13.6%
8.8x	7.5x	6.8x	21.3%	20.3%	19.8%	17.5%	18.2%	21.1%	20.1%	18.7%	17.3%	16.1%
10.2x	8.0x	7.3x	23.7%	22.7%	21.2%	19.8%	18.5%	23.6%	22.6%	21.1%	19.7%	18.4%
11.7x	8.5x	7.7x	25.9%	25.0%	23.4%	22.0%	20.7%	25.9%	25.0%	23.4%	22.0%	20.7%
13.1x	9.0x	8.2x	28.0%	27.1%	25.5%	24.1%	22.7%	28.2%	27.3%	25.7%	24.2%	22.9%
14.5x	9.5x	8.6x	30.0%	29.1%	27.5%	26.0%	24.6%	30.4%	29.5%	27.9%	26.4%	25.0%
15.9x	10.0x	9.1x	31.8%	30.9%	29.3%	27.8%	26.4%	32.5%	31.6%	30.0%	28.4%	27.0%

Fwd PIE @
4.0x Lvg

5-Year
CAGR

Δ vs.
Base

Point sensitivities \$1450M:
+ 0.25x leverage: + 75 bps
+ Yr 2 div. recap: +290 bps
+ 50 bps rate: -30 bps

Bain Capital

- (1) Includes \$17M in one-time built-in gain tax payable to Herff Jones shareholders in connection with 338 h(10) election
(2) Assumes recap to 5.5x with 4.0x max bank debt at the end of 2016E; assumes 3% fees and expenses and 100% DEB
(3) Assumes 10% mgmt options, \$2M mgmt fee, 6% NWC

57

Project Hercules**6-Line CF****~13.4% FCF yield immediately + early cost saves drives rapid deleveraging****Base Case**

(\$M)	2014	2014PF	2015E	2016E	2017E	2018E	2019E	CAGR '14-'19
EBITDA	\$183	\$183	\$195	\$210	\$225	\$237	\$244	6.0%
Capex	(28)	(23)	(23)	(21)	(21)	(21)	(21)	-5.7%
EBITDA - Capex	\$155	\$160	\$172	\$189	\$204	\$216	\$223	7.6%
Net Interest		(79)	(79)	(74)	(70)	(65)	(60)	
Cash Taxes		(22)	0	(28)	(37)	(44)	(55)	
Change in Working Capital		(4)	(4)	(3)	(4)	(4)	(4)	
Management Fee		(2)	(2)	(2)	(2)	(2)	(2)	
Acq. CapEx		(6)	(6)	(7)	(9)	(9)	(10)	
FY Free Cash Flow	\$48	\$82	\$74	\$83	\$92	\$93		
FCF Yield	11.8%	20.3%	18.3%	20.7%	22.8%	23.1%		
FCF Yield Ex. Acq. Capex	13.4%	21.8%	20.1%	22.8%	25.1%	25.5%		
Memo: Amort of basis step-up	(16)	(16)	(16)	(16)	(16)	(16)		
Slub Adjustment		0	0	0	0	0		
Adjusted Free Cash Flow		\$82	\$74	\$83	\$92	\$93		
Cumulative Free Cash Flow		82	155	238	330	422		
Beginning Debt		1,125	1,043	970	887	795		
Debt Paydown		(82)	(74)	(83)	(92)	(93)		
Ending Debt		\$1,043	\$970	\$887	\$795	\$703		
Cash		10	10	10	10	10		
Ending Net Debt		\$1,033	\$960	\$877	\$785	\$693		
Beginning Debt / EBITDA		5.8x	5.0x	4.3x	3.7x	3.3x		
Ending Debt / EBITDA		5.4x	4.6x	3.9x	3.4x	2.9x		
Ending Net Debt / EBITDA		5.3x	4.6x	3.9x	3.3x	2.8x		
EBITDA / Interest		2.5x	2.8x	3.2x	3.6x	4.1x		
EBITDA - Capex / Interest		2.2x	2.5x	2.9x	3.3x	3.7x		

Deal Summary	
Entry	
Entry EBITA	\$154.6
Entry Multiple	9.4x
Purch Price	\$1,450.0
Less: Starting Debt	(1,125.0)
Plus: Fees & Cash to BS	76.4
Entry Equity	\$401.4
Exit	
Exit EBITA	221.9
Exit Multiple	8.5x
Exit TEV	\$1,886.2
Plus: NPV of tax asset	40.2
Adj. TEV	\$1,926.5
Initial Net Debt	1,115.0
Less: Cumulative FCF	(422.5)
Final Net Debt	\$692.5
Exit Equity	1,234.0
Less: Mgmt Options	(83.3)
Exit Equity	\$1,150.7
IRR	
Hold Period (Yrs)	5
MoM	2.9x
IRR	23.4%

Bain Capital

(1) Assumes 10% mgmt options, \$2M mgmt fee, 6% NWC

58

Project Hercules**IC Tools****Hercules @ \$1,450M****Growth Decomp**

	5 Year Profit CAGR Decomposed										Growth: WYHTB
	GDP	Ind +/- GDP	Co. +/- Ind	Rev Growth	Cost Svngs	Margin Expans	EBITDA CAGR	Capex Lev	E-C CAGR	IRR	
	(+)	(+)	(+)	(=)	(+)	(+)	(=)	(+)	(=)		
Hercules	2%	0%	3%	5%	3%	(2%)	6%	2%	8%	23%	BSN growth and cost cuts offset yearbook decline
Hercules (PF Cost)	2%	0%	3%	5%	2%	(2%)	5%	1%	6%	23%	BSN growth and cost cuts offset yearbook decline
Recent Final ICs											
Grocery Outlet	3%	0%	8%	11%	2%	0%	13%	(0%)	13%	23%	SSS per history; acceleration of store growth from ~18-37
Alstom	3%	0%	(1%)	2%	2%	2%	5%	0%	6%	25%	Market slightly below GDP levels + cost savings
Retail Zoo	3%	3%	1%	7%	0%	3%	10%	2%	11%	21%	Market growth at GDP levels + cost savings
ADT Korea				6%			10%	17%	26%	23%	
Kronos	3%	2%	2%	7%	2%	0%	10%	0%	10%	20%	GDP-plus market growth + some cost actions
TI Auto	3%	1%	1%	5%	0%	(0%)	5%	2%	7%	26%	GDP-plus market growth + margin stability
Caramtec	2%	2%	4%	8%	1%	(0%)	9%	3%	12%	22%	Continued Med. Growth + Industrials Initiatives (ex. acq costs)
Yankoe Candle	2%	0%	3%	5%	0%	(1%)	4%	1%	5%	24%	Low growth from new store expansion
MasTec	3%	0%	0%	3%	0%	2%	5%	(1%)	4%	22%	Market growth + margin expansion
Recent Deals											
Toms	2%	0%	10%	12%	0%	(0%)	12%	(0%)	12%	23%	Strong brand that creates multiple growth options
Beacon/V.O	2%	0%	8%	10%	0%	7%	17%	2%	19%	22%	Market expansion & share gain + synergies
View point	2%	0%	9%	11%	0%	11%	22%	2%	25%	21%	Share gain, new product growth and margin scaling
Bob's Discount Furniture	2%	0%	8%	10%	0%	4%	14%	9%	23%	29%	Successful store rollout in adjacent markets + Chicago entry
Canada Goose	2%	15%	5%	22%	11%	1%	34%	10%	44%	33%	Extremely rapid growth in business
EWOS	2%	(1%)	5%	6%	3%	1%	10%	3%	12%	25%	Industry / market growth + Cost Saves + Mix Shift
Blackhawk	2%	13%	6%	21%	0%	1%	22%	23%	45%	26%	Industry / market growth + CapEx leverage
Maisons du Monde	2%	(3%)	15%	14%	0%	(2%)	13%	15%	27%	26%	Market share increase
BMC	2%	0%	(0%)	2%	1%	1%	4%	0%	4%	23%	Low growth from cost savings / margin exp.
Apple Leisure	3%	(1%)	1%	3%	0%	16%	19%	1%	20%	24%	Mgmt contract wins + modest ADR inflation
Aterto	8%	1%	(0%)	9%	4%	0%	13%	6%	19%	39%	Lat Am macro growth + cost cutting + capex leverage
Apex Tool	4%	(1%)	(0%)	3%	0%	0%	3%	1%	4%	24%	Industry growth + modest capex leverage

Bain Capital

59

Project Hercules**IC Tools****Hercules @ \$1,450M****Cash Yield**

	TEV		Cash Flow w/growth					Multiples		Equity Contrib.		Cash Yield Drivers	
	CC TEV	Memo: Actual	(E-C-WC) / TEV	Wtd Avg Int Rate	Lev Mult (E-C)	Levered Post Tax Equity Yield	E-C Entry	E-C Exit	Entry (E-C) / Growth	Equity % of S&U	Equity / (E - C)		
Hercules	\$1,450		10.4%	7.0%	7.1x	11.0%	9.8x	8.8x	1.3x	26%	2.7x	Low price + cost savings drive high FCF yield	
Hercules (PF Cost)	\$1,450		11.3%	7.0%	6.5x	13.0%	9.0x	8.8x	1.6x	26%	2.5x	Low price + cost savings drive high FCF yield	
Recent Final ICs													
Grocery Outlet	\$950		5.0%	6.2%	11.8x	0.6%	17.7x	13.7x	1.4x	32%	5.8x	Low FCF yield due to growth capex from store openings	
Alstom	\$630		10.7%	0.0%	8.8x	15.8%	9.4x	9.3x	1.7x	21%	2.3x	High yield from strong, recurring CF on slim equity	
Retail Zoo	€ 192		9.4%	7.6%	5.2x	7.5%	10.1x	9.2x	0.9x	50%	5.3x	Continue store roll-out with strong execution	
ADT Korea	€ 1,550		0.6%	6.7%	23.8x	-8.4%	34.4x	16.1x	1.3x	33%	11.9x	Low cash flow yield	
Kronos	€ 4,400		6.9%	6.0%	9.5x	5.0%	15.1x	13.9x	1.6x	39%	6.0x	Low yield b/c investing for growth	
TI Auto	\$1,587		10.5%	5.5%	6.7x	13.1%	8.3x	8.0x	1.1x	22%	1.9x	High yield from low multiple, thin equity	
Cerantec	\$1,350		6.5%	5.8%	9.6x	3.4%	13.5x	11.3x	1.1x	27%	3.8x	Moderate cash flow yield	
Yankee Candle	€ 1,650		10.7%	5.1%	7.6x	19.7%	9.2x	8.8x	2.0x	20%	1.9x	High yield from low price and thin equity	
MasTec	\$2,192		11.1%	6.0%	5.5x	12.7%	8.5x	11.0x	1.9x	33%	2.9x	Low price, attractive financing drive high CF yield	
Recent Deals													
Torne	\$650	\$625	9.2%	8.2%	4.4x	5.6%	10.6x	10.1x	0.9x	56%	6.2x	Highly equitized and trading high interest rate for flexibility	
Beacon/VO	\$920		7.5%	5.5%	4.8x	5.1%	12.5x	9.7x	0.7x	63%	8.0x	Attractive unlevered yield, underlevered	
Viewpoint	\$395		4.9%	5.4%	6.9x	3.3%	20.1x	13.8x	0.8x	68%	14.5x	Low yield b/c investing for growth	
Bob's Discount Furniture	\$425		5.3%	6.6%	11.2x	1.9%	18.3x	13.2x	0.8x	42%	8.1x	Low yield from high growth capex	
Canada Goose	CAD 250	CAD 235	0.7%	2.8%	3.8x	-1.3%	26.6x	14.5x	0.6x	66%	23.3x	Low yield b/c investing for growth	
EWOS	NOK 6,200		9.1%	6.2%	6.9x	6.6%	9.8x	9.0x	0.8x	33%	3.3x	Moderate cash flow yield	
Blackhawk	\$250	\$242	0.1%	5.3%	8.8x	-4.9%	28.6x	10.1x	0.6x	70%	20.5x	High growth, low leverage	
Maisons du Monde	€ 628	€ 644	4.9%	7.8%	9.5x	-2.0%	18.5x	12.0x	0.7x	51%	9.8x	Low cash flow yield b/c growth capex	
BMC	\$6,546	\$6,400	11.1%	5.1%	8.1x	24.1%	8.8x	8.4x	2.1x	18%	1.7x	High yield from low price and thin equity	
Apple Leisure	\$450	\$338	5.6%	7.6%	8.1x	0.2%	14.0x	9.0x	0.7x	40%	5.9x	Low initial cash yield, returns driven by AMR growth	
Atento	€ 895	€ 840	8.1%	9.5%	4.3x	2.6%	7.7x	7.0x	0.4x	43%	3.4x	Attractive unlevered yield, expensive cap structure	
Apex Tool	\$1,650	\$1,575	11.9%	7.0%	6.0x	17.5%	7.8x	8.0x	2.2x	23%	1.9x	Low price, low cost of debt drive very high CF yield	

Bain Capital

60